

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Group	Bank			
		31 Mar 2016	31 Dec 2015		
Note	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000	
Assets					
Cash and short term funds		31,701,901	20,188,831	26,070,582	14,159,386
Reverse repurchase agreements		9,136,269	9,558,281	8,246,435	8,404,346
Deposits and placements with banks and other financial institutions		1,860,954	1,440,564	5,626,339	4,694,012
Financial assets held for trading	A6	20,395,447	18,435,955	16,984,441	14,951,772
Derivative financial instruments	A21(i)	10,488,246	11,463,962	8,092,808	8,808,615
Financial investments available-for-sale	A7	25,008,115	28,010,649	20,738,140	22,834,039
Financial investments held-to-maturity	A8	25,421,280	23,707,698	21,328,650	19,389,224
Loans, advances and financing	A9	232,559,012	235,437,884	168,010,421	170,669,912
Other assets	A10	11,173,851	10,857,585	10,525,462	9,846,589
Tax recoverable		12,336	9,612	-	-
Deferred taxation		289,276	289,940	146,160	141,458
Statutory deposits with central banks		8,535,264	7,699,798	7,092,941	6,139,925
Amounts due from holding company and ultimate holding company		2,785	2,803	2,785	2,803
Amount due from subsidiaries		-	-	32,454	40,622
Amount due from related companies		1,277,342	1,272,717	1,274,530	1,269,970
Investment in subsidiaries		-	-	4,655,429	4,674,129
Investment in joint venture		163,800	162,775	125,000	125,000
Investment in associates		847,068	798,095	305,584	305,584
Goodwill		5,023,387	5,114,235	3,555,075	3,555,075
Intangible assets		1,042,375	1,061,134	928,916	942,964
Prepaid lease payments		621	689	-	-
Property, plant and equipment		735,401	787,671	417,950	443,981
Investment properties		1,120	1,120	-	-
		385,675,850	376,301,998	304,160,102	291,399,406
Non-current assets/disposal groups held for sale		4,575	4,575	375	375
Total Assets		385,680,425	376,306,573	304,160,477	291,399,781
Liabilities					
Deposits from customers	A11	268,365,664	263,302,264	206,812,601	198,273,648
Investment accounts of customers	A12	243,566	232,716	-	-
Deposits and placements of banks and other financial institutions	A13	23,631,534	22,062,752	22,013,515	20,176,311
Repurchase agreements		8,238,216	7,905,919	8,126,973	7,889,260
Financial liabilities designated at fair value	A14	4,914,712	4,952,771	2,808,896	2,848,922
Derivative financial instruments	A21(i)	10,779,683	11,880,534	8,385,589	9,097,934
Bills and acceptances payable		1,829,502	1,024,296	1,383,787	686,487
Amount due to subsidiaries		-	-	306,265	34,647
Amount due to related companies		99,770	24,652	74,369	15,561
Other liabilities	A15	7,915,271	6,862,848	6,993,622	5,587,706
Provision for taxation and Zakat		111,426	147,739	48,412	104,203
Deferred taxation		1,418	2,490	-	-
Recourse obligation on loans and financing sold to Cagamas		4,155,407	1,817,816	2,800,536	1,315,448
Bonds and debentures		9,436,842	9,868,655	5,757,455	6,576,072
Other borrowings		3,019,088	2,752,792	3,019,088	2,752,792
Subordinated obligations		11,231,431	11,169,604	9,239,061	9,117,067
Redeemable preference shares		-	-	-	-
Total Liabilities		353,973,530	344,007,848	277,770,169	264,476,058
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		25,935,708	26,518,218	21,012,484	21,545,899
		31,083,792	31,666,302	26,160,568	26,693,983
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		393,363	402,683	-	-
Total Equity		31,706,895	32,298,725	26,390,308	26,923,723
Total Equity and Liabilities		385,680,425	376,306,573	304,160,477	291,399,781
Commitments and contingencies	A21(ii)	898,762,835	865,417,801	613,710,631	616,440,947
Net assets per ordinary share attributable to owners of the Parent (RM)		6.04	6.15	5.08	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 31 MARCH 2016

GROUP	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three Months Ended	
		31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Interest income	A16	3,054,854	2,769,396	3,054,854	2,769,396
Interest expense	A17	(1,479,777)	(1,303,469)	(1,479,777)	(1,303,469)
Net interest income		1,575,077	1,465,927	1,575,077	1,465,927
Income from Islamic Banking operations	A25(b)	373,198	329,813	373,198	329,813
Net non-interest income	A18	473,086	612,806	473,086	612,806
Net income		2,421,361	2,408,546	2,421,361	2,408,546
Overheads	A19	(1,251,671)	(1,259,941)	(1,251,671)	(1,259,941)
Profit before allowances		1,169,690	1,148,605	1,169,690	1,148,605
Allowances for impairment losses on loans, advances and financing	A20	(114,027)	(172,701)	(114,027)	(172,701)
Allowances for losses on other receivables		(2,797)	(1,713)	(2,797)	(1,713)
Allowances for other impairment losses written-back		119	207	119	207
Profit after allowances		1,052,985	974,398	1,052,985	974,398
Share of results of joint venture		1,024	461	1,024	461
Share of results of associates		48,974	15,103	48,974	15,103
Profit before taxation		1,102,983	989,962	1,102,983	989,962
Taxation		(236,226)	(197,376)	(236,226)	(197,376)
Profit for the financial period		866,757	792,586	866,757	792,586
Profit for the financial period attributable to:					
Owners of the Parent		863,149	790,107	863,149	790,107
Non-controlling interests		3,608	2,479	3,608	2,479
		866,757	792,586	866,757	792,586
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	16.77	16.51	16.77	16.51

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 31 MARCH 2016

GROUP	Individual Quarter		Cumulative Quarters	
	1st Quarter Ended	31 Mar 2015	Three Months Ended	31 Mar 2015
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	866,757	792,586	866,757	792,586
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	66,096	131,372	66,096	131,372
- Net gain from change in fair value	87,806	190,219	87,806	190,219
- Realised gain transferred to statement of income on disposal and impairment	(42,845)	(35,617)	(42,845)	(35,617)
- Income tax effects	1,676	(26,722)	1,676	(26,722)
- Currency translation difference	19,459	3,492	19,459	3,492
Net investment hedge	225,865	(202,698)	225,865	(202,698)
Cash flow hedge	6,680	(1,425)	6,680	(1,425)
- Net gain/(loss) from change in fair value	9,536	(2,334)	9,536	(2,334)
- Income tax effects	(2,856)	909	(2,856)	909
Exchange fluctuation reserve	(768,514)	478,195	(768,514)	478,195
Share of other comprehensive income of associate	-	6,541	-	6,541
	(469,873)	411,985	(469,873)	411,985
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	1,429	(748)	1,429	(748)
- Currency translation difference	1,429	(748)	1,429	(748)
Other comprehensive (expense)/income for the period, net of tax	(468,444)	411,237	(468,444)	411,237
Total comprehensive income for the financial period	398,313	1,203,823	398,313	1,203,823
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	407,633	1,190,017	407,633	1,190,017
Non-controlling interests	(9,320)	13,806	(9,320)	13,806
	398,313	1,203,823	398,313	1,203,823

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 31 MARCH 2016

	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three Months Ended	
		31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
<u>BANK</u>					
Interest income	A16	2,633,639	2,376,589	2,633,639	2,376,589
Interest expense	A17	(1,342,140)	(1,136,928)	(1,342,140)	(1,136,928)
Net interest income		1,291,499	1,239,661	1,291,499	1,239,661
Income from Islamic Banking operations	A25(b)	33,482	15,329	33,482	15,329
Net non-interest income	A18	351,720	518,771	351,720	518,771
Net income		1,676,701	1,773,761	1,676,701	1,773,761
Overheads	A19	(893,710)	(910,308)	(893,710)	(910,308)
Profit before allowances		782,991	863,453	782,991	863,453
Allowances for impairment losses on loans, advances and financing	A20	(22,095)	(50,167)	(22,095)	(50,167)
Allowances for losses on other receivables		(2,827)	(1,670)	(2,827)	(1,670)
Allowances for other impairment losses written-back		119	243	119	243
Profit before taxation		758,188	811,859	758,188	811,859
Taxation		(175,728)	(153,327)	(175,728)	(153,327)
Profit for the financial period		582,460	658,532	582,460	658,532
Earnings per share - basic (sen)	B3	11.31	13.76	11.31	13.76

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 31 MARCH 2016

	Individual Quarter		Cumulative Quarters	
	1st Quarter Ended	1st Quarter Ended	Three Months Ended	Three Months Ended
<u>BANK</u>	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	582,460	658,532	582,460	658,532
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	52,041	125,275	52,041	125,275
- Net gain from change in fair value	28,648	168,455	28,648	168,455
- Realised gain transferred to statement of income on disposal and impairment	(1,430)	(20,138)	(1,430)	(20,138)
- Income tax effects	6,991	(23,100)	6,991	(23,100)
- Currency translation difference	17,832	58	17,832	58
Net investment hedge	220,506	(202,698)	220,506	(202,698)
Cash flow hedge	6,680	(1,425)	6,680	(1,425)
- Net gain/(loss) from change in fair value	9,536	(2,334)	9,536	(2,334)
- Income tax effects	(2,856)	909	(2,856)	909
Exchange fluctuation reserve	(406,270)	130,498	(406,270)	130,498
Other comprehensive (expense)/income for the financial period, net of tax	(127,043)	51,650	(127,043)	51,650
Total comprehensive income for the financial period	455,417	710,182	455,417	710,182

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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 31 MARCH 2016

The Group	Attributable to owners of the Parent																Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	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	Defined benefits reserve RM'000	Retained profits 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	-	-	-	-	-	-	-	-	-	-	-	-	863,149	863,149	-	3,608	866,757			
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(754,218)	65,548	-	-	232,545	-	(820)	1,429	-	(455,516)	-	(12,928)	(468,444)			
- financial investments available-for-sale	-	-	-	-	-	65,548	-	-	-	-	-	-	-	65,548	-	548	66,096			
- net investment hedge	-	-	-	-	-	-	-	-	225,865	-	-	-	-	225,865	-	-	225,865			
- cash flow hedge	-	-	-	-	-	-	-	-	6,680	-	-	-	-	6,680	-	-	6,680			
- currency translation difference	-	-	-	-	(754,218)	-	-	-	-	-	(820)	-	-	(755,038)	-	(13,476)	(768,514)			
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	1,429	-	1,429	-	-	1,429			
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(754,218)	65,548	-	-	232,545	-	(820)	1,429	863,149	407,633	-	(9,320)	398,313			
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	56,944	-	-	(56,944)	-	-	-	-			
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	12,467	-	-	12,467	-	-	12,467			
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)			
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(36,057)	-	-	(36,057)	-	-	(36,057)			
At 31 March 2016	5,148,084	29,740	10,363,629	6,626,969	1,187,184	112,461	(1,085,928)	735,457	(1,097,570)	1,076,446	33,870	(20,577)	8,003,767	31,113,532	200,000	393,363	31,706,895			
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	-	-	-	-	-	-	-	-	-	-	-	-	790,107	790,107	-	2,479	792,586			
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	466,956	137,515	-	-	(204,123)	-	310	(748)	-	399,910	-	11,327	411,237			
- financial investments available-for-sale	-	-	-	-	-	130,974	-	-	-	-	-	-	-	130,974	-	398	131,372			
- net investment hedge	-	-	-	-	-	-	-	-	(202,698)	-	-	-	-	(202,698)	-	-	(202,698)			
- cash flow hedge	-	-	-	-	-	-	-	-	(1,425)	-	-	-	-	(1,425)	-	-	(1,425)			
- currency translation difference	-	-	-	-	466,956	-	-	-	-	-	310	-	-	467,266	-	10,929	478,195			
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(748)	-	(748)	-	-	(748)			
- share of other comprehensive income of associate	-	-	-	-	-	6,541	-	-	-	-	-	-	-	6,541	-	-	6,541			
Total comprehensive income/(expenses) for the financial period	-	-	-	-	466,956	137,515	-	-	(204,123)	-	310	(748)	790,107	1,190,017	-	13,806	1,203,823			
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	35,874	-	-	(35,874)	-	-	-	-			
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,691	-	-	23,691	-	-	23,691			
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(49,302)	-	-	(49,302)	-	-	(49,302)			
At 31 March 2015	4,787,023	29,740	8,898,945	5,839,094	1,008,749	413,276	(1,085,928)	735,457	(520,505)	629,669	32,241	(11,296)	8,422,553	29,179,018	200,000	365,501	29,744,519			

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 31 MARCH 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	-	-	-	-	-	-	-	-	-	-	-	582,460	-	582,460
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(405,651)	52,041	-	-	227,186	-	(619)	-	-	(127,043)
- financial investments available-for-sale	-	-	-	-	-	52,041	-	-	-	-	-	-	-	52,041
- net investment hedge	-	-	-	-	-	-	-	-	220,506	-	-	-	-	220,506
- cash flow hedge	-	-	-	-	-	-	-	-	6,680	-	-	-	-	6,680
- currency translation difference	-	-	-	-	(405,651)	-	-	-	-	-	(619)	-	-	(406,270)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(405,651)	52,041	-	-	227,186	-	(619)	582,460	-	455,417
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	18,644	-	(18,644)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	11,481	-	-	11,481
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(33,760)	-	-	(33,760)
At 31 March 2016	5,148,084	29,740	10,363,629	5,806,237	497,565	109,062	(1,047,872)	746,852	(663,916)	977,189	32,250	4,191,488	200,000	26,390,308
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	-	-	-	-	-	-	-	-	-	-	-	658,532	-	658,532
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	130,283	125,275	-	-	(204,123)	-	215	-	-	51,650
- financial investments available-for-sale	-	-	-	-	-	125,275	-	-	-	-	-	-	-	125,275
- net investment hedge	-	-	-	-	-	-	-	-	(202,698)	-	-	-	-	(202,698)
- cash flow hedge	-	-	-	-	-	-	-	-	(1,425)	-	-	-	-	(1,425)
- currency translation difference	-	-	-	-	130,283	-	-	-	-	-	215	-	-	130,498
Total comprehensive income/(expenses) for the financial period	-	-	-	-	130,283	125,275	-	-	(204,123)	-	215	658,532	-	710,182
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	31,824	-	(31,824)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,075	-	-	23,075
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(47,823)	-	-	(47,823)
At 31 March 2015	4,787,023	29,740	8,898,945	5,119,366	375,600	345,716	(1,047,872)	746,852	(431,976)	625,619	31,093	5,096,069	200,000	24,776,175

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 31 MARCH 2016

	Group		Bank	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Profit before taxation	1,102,983	989,962	758,188	811,859
Adjustments for non-operating and non-cash items	65,969	137,454	(107,676)	(159,098)
Operating profit before changes in working capital	1,168,952	1,127,416	650,512	652,761
Net changes in operating assets	72,134	(10,723,590)	(1,410,061)	(8,096,450)
Net changes in operating liabilities	8,263,525	16,990,180	12,821,544	8,701,154
	8,335,659	6,266,590	11,411,483	604,704
Cash flows generated from operations	9,504,611	7,394,006	12,061,995	1,257,465
Taxation paid	(289,868)	(299,831)	(228,178)	(237,971)
Net cash flows generated from operating activities	9,214,743	7,094,175	11,833,817	1,019,494
Net cash flows used in investing activities	1,781,021	(2,824,029)	559,311	(1,439,800)
Net cash flows used in financing activities	1,931,487	(654,878)	517,480	(316,571)
Net (decrease)/increase in cash and cash equivalents	12,927,251	3,615,268	12,910,608	(736,877)
Effects of exchange rate changes	(1,414,181)	702,459	(999,412)	427,330
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	31,701,901	29,773,782	26,070,582	21,125,552

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 31 March 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 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 11, “Joint Arrangements”
- 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”

- 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 and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current

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 in April 2016.

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.

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

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities that had occurred between 31 March 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	425,291	634,713	425,291	634,713
Cagamas bonds	157,347	45,925	157,347	45,925
Malaysian Government treasury bills	1,668	47,739	1,668	32,878
Other Government securities	6,527,980	5,671,778	6,527,980	5,671,778
Bank Negara Malaysia Monetary Notes	-	20,914	-	996
Negotiable instruments of deposit	5,689,309	4,747,035	3,697,513	2,516,543
Commercial papers	807,804	506,398	807,804	506,398
Government Investment Issue	221,644	437,313	80,405	313,908
	<u>13,831,043</u>	<u>12,111,815</u>	<u>11,698,008</u>	<u>9,723,139</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	386,241	206,767	386,241	206,767
	<u>386,241</u>	<u>206,767</u>	<u>386,241</u>	<u>206,767</u>
<u>Outside Malaysia</u>				
Shares	271,361	277,132	271,361	277,132
Private debt securities	290,397	458,204	-	-
Other Government bonds	764,436	247,809	-	-
	<u>1,326,194</u>	<u>983,145</u>	<u>271,361</u>	<u>277,132</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Private and Islamic debt securities	1,865,544	1,765,826	1,802,948	1,554,112
	<u>1,865,545</u>	<u>1,765,827</u>	<u>1,802,949</u>	<u>1,554,113</u>
<u>Outside Malaysia</u>				
Private equity funds	139,553	157,384	57,483	64,828
Private and Islamic debt securities	2,846,871	3,211,017	2,768,399	3,125,793
	<u>2,986,424</u>	<u>3,368,401</u>	<u>2,825,882</u>	<u>3,190,621</u>
Total financial assets held-for-trading	<u>20,395,447</u>	<u>18,435,955</u>	<u>16,984,441</u>	<u>14,951,772</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	164,385	457,708	164,385	457,708
Malaysian Government Sukuk	37,244	44,168	-	-
Khazanah bonds	225,892	328,709	225,892	308,520
Government Investment Issue	41,473	496,811	31,360	267,757
Negotiable instruments of deposit	356,398	258,112	356,398	258,112
Other Government treasury bills	229,362	-	229,362	-
Other Government securities	858,836	975,949	858,836	975,949
Cagamas bonds	169,553	207,300	148,780	183,629
	<u>2,083,143</u>	<u>2,768,757</u>	<u>2,015,013</u>	<u>2,451,675</u>
Quoted securities:				
Outside Malaysia				
Shares	4,024	4,193	78	94
Other Government bonds	2,232,843	2,655,837	-	-
Unit trusts	13,679	15,561	-	-
Private debt securities	595,515	512,418	-	-
	<u>2,846,061</u>	<u>3,188,009</u>	<u>78</u>	<u>94</u>
Unquoted securities:				
In Malaysia				
Shares	987,953	987,953	977,378	977,378
Private debt securities	12,353,938	13,931,288	11,115,138	12,401,358
Loan stocks	10,087	10,211	10,087	10,211
	<u>13,351,978</u>	<u>14,929,452</u>	<u>12,102,603</u>	<u>13,388,947</u>
Outside Malaysia				
Shares	30,424	32,524	923	997
Private equity funds	431,073	476,035	403,355	426,714
Private debt securities	6,481,906	6,875,790	6,407,318	6,793,799
	<u>6,943,403</u>	<u>7,384,349</u>	<u>6,811,596</u>	<u>7,221,510</u>
	<u>25,224,585</u>	<u>28,270,567</u>	<u>20,929,290</u>	<u>23,062,226</u>
Allowance for impairment losses:				
Private debt securities	(30,306)	(60,306)	(30,306)	(60,306)
Private equity funds	(72,434)	(84,006)	(72,434)	(79,347)
Unquoted shares	(103,319)	(105,048)	(78,323)	(78,323)
Loan stocks	(10,087)	(10,211)	(10,087)	(10,211)
Unit trusts	(324)	(347)	-	-
	<u>(216,470)</u>	<u>(259,918)</u>	<u>(191,150)</u>	<u>(228,187)</u>
Total financial investments available-for-sale	<u>25,008,115</u>	<u>28,010,649</u>	<u>20,738,140</u>	<u>22,834,039</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,682,688	1,674,626	1,682,688	1,674,626
Government Investment Issue	6,399,132	6,062,711	5,864,055	5,628,826
Other Government securities	1,351,478	1,419,211	1,351,478	1,419,211
Cagamas bonds	268,736	267,966	238,097	237,242
Khazanah bonds	444,653	391,667	430,935	379,005
	<u>10,146,687</u>	<u>9,816,181</u>	<u>9,567,253</u>	<u>9,338,910</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Private debt securities	2,219,426	2,704,542	-	-
	<u>2,219,426</u>	<u>2,704,542</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Private debt securities	12,436,177	10,526,122	11,094,383	9,339,731
	<u>12,443,197</u>	<u>10,533,142</u>	<u>11,094,383</u>	<u>9,339,731</u>
<u>Outside Malaysia</u>				
Private debt securities	675,497	726,407	702,859	758,077
Amortisation of premium net of accretion of discount	(56,362)	(65,400)	(35,845)	(47,494)
Less : Allowance for impairment losses	(7,165)	(7,174)	-	-
Total financial investments held-to-maturity	<u>25,421,280</u>	<u>23,707,698</u>	<u>21,328,650</u>	<u>19,389,224</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,198,828	5,400,737	3,577,451	3,697,406
Term loans/financing				
- Housing loan/financing	66,599,221	65,920,173	48,972,437	48,208,195
- Syndicated term loan	16,373,024	17,030,250	14,099,590	14,785,024
- Other term loans/financing	97,549,987	98,553,723	67,750,072	68,838,773
- Factoring receivables	42,650	48,115	-	-
- Lease receivables	98,988	110,860	-	-
- Hire purchase receivables	16,348,831	16,245,737	9,586,834	9,205,173
Bills receivable	6,061,460	6,408,165	2,556,336	2,738,160
Trust receipts	1,723,835	1,946,329	1,047,220	1,188,901
Claim on customers under acceptance credit	2,956,695	3,147,815	2,655,079	2,702,777
Staff loans *	645,922	626,524	531,704	511,333
Credit card receivables	6,644,360	6,860,195	6,487,314	6,705,135
Revolving credit	15,140,957	16,080,717	12,537,123	13,903,086
Share margin financing	757,031	786,194	753,476	782,094
Gross loans, advances and financing	<u>236,141,789</u>	<u>239,165,534</u>	<u>170,554,636</u>	<u>173,266,057</u>
Fair value changes arising from fair value hedges	202,350	164,694	59,923	57,794
	<u>236,344,139</u>	<u>239,330,228</u>	<u>170,614,559</u>	<u>173,323,851</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	<u>(1,922,292)</u>	<u>(1,922,002)</u>	<u>(1,538,776)</u>	<u>(1,543,266)</u>
- Portfolio impairment allowance	<u>(1,862,835)</u>	<u>(1,970,342)</u>	<u>(1,065,362)</u>	<u>(1,110,673)</u>
	<u>(3,785,127)</u>	<u>(3,892,344)</u>	<u>(2,604,138)</u>	<u>(2,653,939)</u>
Total net loans, advances and financing	<u>232,559,012</u>	<u>235,437,884</u>	<u>168,010,421</u>	<u>170,669,912</u>

* Included in staff loans of the Group are loans to Directors amounting to RM 3.2 million (2014: RM3.3 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 RM4,765 million (2015: RM4,880 million) and RM1,141 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 31 March 2016, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM3,242 million (2015: RM2,733 million) and RM4.8 million (2015: RM5.4 million) respectively.

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

	Group		Bank	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	1,162,162	1,444,678	1,143,509	1,424,314
Domestic non-bank financial institutions				
- stockbroking companies	14	-	14	-
- others	2,905,840	3,100,402	989,860	1,101,460
Domestic business enterprises				
- small medium enterprises	25,346,626	24,988,104	17,698,920	17,355,502
- others	33,290,116	35,617,846	19,551,732	20,857,752
Government and statutory bodies	9,429,556	8,852,539	2,098,755	2,073,966
Individuals	125,889,943	125,531,320	91,864,883	91,708,758
Other domestic entities	964,251	989,057	503,034	497,333
Foreign entities	37,153,281	38,641,588	36,703,929	38,246,972
Gross loans, advances and financing	236,141,789	239,165,534	170,554,636	173,266,057

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,156,892	2,052,871	1,495,960	1,356,225
- Hire purchase receivables	10,177,175	10,497,249	3,405,116	3,444,693
- Other fixed rate loans	27,762,238	28,557,983	14,497,017	14,894,134
Variable rate				
- BLR plus	100,190,027	99,899,272	82,953,978	82,606,664
- Cost-plus	36,127,179	37,380,641	28,130,275	29,738,280
- Other variable rates	59,728,278	60,777,518	40,072,290	41,226,061
Gross loans, advances and financing	<u>236,141,789</u>	<u>239,165,534</u>	<u>170,554,636</u>	<u>173,266,057</u>
(iv) By economic purpose				
Personal use	9,628,164	9,720,218	4,839,392	4,756,076
Credit cards	6,644,360	6,860,195	6,487,314	6,705,135
Purchase of consumer durables	107,744	109,330	86,969	88,217
Construction	8,578,303	8,312,047	5,360,343	4,829,392
Residential property (housing)	69,454,200	68,990,485	51,422,946	50,890,543
Non-residential property	24,514,250	24,479,034	20,726,207	20,670,888
Purchase of fixed assets other than land and buildings	2,278,788	2,243,940	1,739,662	1,666,793
Mergers and acquisitions	3,494,127	3,617,161	3,493,570	3,616,568
Purchase of securities	25,434,729	26,288,181	22,374,810	24,034,179
Purchase of transport vehicles	17,040,267	17,026,610	10,240,515	9,946,518
Working capital	51,734,104	53,259,757	36,691,862	38,343,134
Other purposes	17,232,753	18,258,576	7,091,046	7,718,614
Gross loans, advances and financing	<u>236,141,789</u>	<u>239,165,534</u>	<u>170,554,636</u>	<u>173,266,057</u>
(v) By geographical distribution				
Malaysia	167,351,366	166,522,903	125,285,759	125,641,801
Indonesia	3,065,487	2,918,947	3,065,478	2,918,936
Thailand	26,491,941	28,346,178	4,313,859	4,705,248
Singapore	28,233,848	29,569,860	28,233,847	29,569,860
United Kingdom	1,015,354	1,143,725	1,015,354	1,143,725
Hong Kong	1,000,396	1,077,311	1,000,396	1,077,311
China	1,974,075	1,959,026	1,974,075	1,959,026
Other countries	7,009,322	7,627,584	5,665,868	6,250,150
Gross loans, advances and financing	<u>236,141,789</u>	<u>239,165,534</u>	<u>170,554,636</u>	<u>173,266,057</u>
(vi) By residual contractual maturity				
Within one year	40,709,505	42,288,081	30,726,781	32,334,678
One year to less than three years	27,240,551	26,840,213	20,916,740	20,130,054
Three years to less than five years	26,219,289	26,531,558	15,647,448	15,631,887
Five years and more	141,972,444	143,505,682	103,263,667	105,169,438
Gross loans, advances and financing	<u>236,141,789</u>	<u>239,165,534</u>	<u>170,554,636</u>	<u>173,266,057</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	204,847	198,265	108,526	100,186
Credit cards	161,420	147,089	156,651	142,724
Purchase of consumer durables	252	228	237	185
Construction	1,139,088	1,135,825	1,096,705	1,092,897
Residential property (housing)	991,299	990,075	711,823	711,494
Non-residential property	207,950	168,854	136,150	128,816
Purchase of fixed assets other than land and buildings	5,623	5,708	2,943	3,008
Purchase of securities	186,059	153,939	185,326	152,951
Purchase of transport vehicles	275,225	288,391	144,573	148,027
Working capital	901,941	869,743	633,276	623,691
Other purposes	391,664	382,252	23,636	20,340
Gross impaired loans, advances and financing	<u>4,465,368</u>	<u>4,340,369</u>	<u>3,199,846</u>	<u>3,124,319</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,240,664	3,180,979	2,767,373	2,753,889
Indonesia	131,116	145,429	131,116	145,429
Thailand	792,358	789,035	619	610
Singapore	179,672	93,854	179,672	93,854
United Kingdom	4,097	2,838	4,097	2,838
China	59,186	64,860	59,186	64,860
Other countries	58,275	63,374	57,783	62,839
Gross impaired loans, advances and financing	<u>4,465,368</u>	<u>4,340,369</u>	<u>3,199,846</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	992,615	3,585,631	589,136	2,133,068
Reclassified as not impaired during the financial period/year	(376,965)	(1,466,533)	(273,684)	(987,748)
Amount written back in respect of recoveries	(196,465)	(989,982)	(115,221)	(562,641)
Amount written off	(215,900)	(993,391)	(97,685)	(598,594)
Sale of impaired loans	-	(338,654)	-	-
Exchange fluctuation	(78,286)	171,494	(27,019)	69,723
At 31 March/31 December	<u>4,465,368</u>	<u>4,340,369</u>	<u>3,199,846</u>	<u>3,124,319</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>1.89%</u>	<u>1.81%</u>	<u>1.88%</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	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Individual impairment allowance				
At 1 January	1,922,002	1,897,017	1,543,266	1,613,522
Net allowance made during the financial period/year	73,906	153,507	15,346	39,860
Amount written off	(30,409)	(174,622)	(167)	(172,557)
Amount transferred to portfolio impairment allowance	-	(6,876)	-	-
Sale of impaired loans	-	(44,110)	-	-
Exchange fluctuation	(43,207)	97,086	(19,669)	62,441
At 31 March/31 December	<u>1,922,292</u>	<u>1,922,002</u>	<u>1,538,776</u>	<u>1,543,266</u>
Portfolio impairment allowance				
At 1 January	1,970,342	1,968,148	1,110,673	1,231,434
Net allowance made during the financial period/year	119,871	844,526	55,298	295,808
Amount written off	(185,616)	(838,995)	(97,643)	(426,480)
Amount transferred from individual impairment allowance	-	6,876	-	-
Sale of impaired loans	-	(85,802)	-	-
Exchange fluctuation	(41,762)	75,589	(2,966)	9,911
At 31 March/31 December	<u>1,862,835</u>	<u>1,970,342</u>	<u>1,065,362</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	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Foreclosed properties	122,848	114,987	-	-
Structured financing	2,118,487	2,279,166	2,118,487	2,279,166
Collateral pledged for derivative transactions	4,409,628	5,640,407	3,858,504	4,925,486
Collateral for securities lending	720,102	463,326	720,102	463,326
Other debtors, deposits and prepayments	3,802,786	2,359,699	3,828,369	2,178,611
	11,173,851	10,857,585	10,525,462	9,846,589

* net of allowance for doubtful debts of RM18,153,000 (2015: RM15,375,000) for the Group and RM13,467,000 (2015: RM10,655,000) for the Bank.

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposit				
Demand deposits	59,330,263	56,241,206	48,813,313	46,218,415
Saving deposits	27,924,059	27,813,773	16,725,025	16,136,409
Fixed deposits	111,603,867	112,671,562	93,600,558	91,831,490
Negotiable instruments of deposit	1,346,174	1,677,753	1,229,765	925,569
Others	68,161,301	64,897,970	46,443,940	43,161,765
	268,365,664	263,302,264	206,812,601	198,273,648
(ii) By type of customer				
Government and statutory bodies	10,728,751	9,251,880	7,447,843	5,789,913
Business enterprises	113,443,042	112,398,694	90,971,699	87,472,417
Individuals	89,208,403	88,139,619	69,358,103	66,842,244
Others	54,985,468	53,512,071	39,034,956	38,169,074
	268,365,664	263,302,264	206,812,601	198,273,648
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	87,646,214	89,104,626	75,202,597	71,310,073
Six months to less than one year	23,319,238	23,006,900	17,792,887	19,476,095
One year to less than three years	1,143,239	1,282,268	994,513	1,016,261
Three years to less than five years	384,200	422,101	383,176	421,210
Five years and more	457,150	533,420	457,150	533,420
	112,950,041	114,349,315	94,830,323	92,757,059

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Unrestricted investment accounts	243,566	232,716	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	18,299,127	16,052,227	18,145,946	15,832,310
Licensed finance companies	1,525,553	1,246,197	283,635	63,746
Licensed investment banks	766,993	1,174,121	744,771	1,000,776
Bank Negara Malaysia	10,074	165,547	10,074	6,521
Other financial institutions	3,029,787	3,424,660	2,829,089	3,272,958
	23,631,534	22,062,752	22,013,515	20,176,311

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

Due within six months	20,259,623	16,851,369	18,662,102	15,271,019
Six months to less than one year	2,221,470	3,898,766	2,201,800	3,593,434
One year to less than three years	731,596	918,094	730,768	917,335
Three years to less than five years	203,550	102,585	203,550	102,585
Five years and more	215,295	291,938	215,295	291,938
	23,631,534	22,062,752	22,013,515	20,176,311

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,974,124	3,047,985	2,808,896	2,848,922
Debentures	1,085,362	980,203	-	-
Bills payable	855,226	924,583	-	-
	4,914,712	4,952,771	2,808,896	2,848,922

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 31 March 2016 were RM320,712,000 (2015: RM567,569,000) and RM319,233,000 (2015: RM558,988,000) respectively lower than the contractual amount at maturity for the structured investments, RM266,270,000 higher (2015: RM18,606,000 lower) than the contractual amount at maturity for the debentures and RM1,812,000 lower (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	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Accrued employee benefits	18,887	25,305	18,881	18,560
Post employment benefit obligations	222,020	194,679	63,332	27,565
Sundry creditors	2,910,448	888,078	2,917,798	759,619
Expenditure payable	1,197,659	1,327,984	986,319	1,077,717
Collateral for securities borrowing	676,945	669,469	676,945	669,469
Allowance for commitments and contingencies	7,662	9,219	3,238	3,238
Provision for legal claims	59,700	60,974	43,039	43,179
Credit card expenditure payable	105,694	125,660	102,167	125,660
Call deposit borrowing	2,507,168	3,161,566	2,102,434	2,655,454
Others	209,088	399,914	79,469	207,245
	7,915,271	6,862,848	6,993,622	5,587,706

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Group				
Loans and advances				
- interest income	2,386,800	2,162,444	2,386,800	2,162,444
- unwinding income [^]	9,406	11,087	9,406	11,087
Money at call and deposits with financial institutions	102,261	97,551	102,261	97,551
Reverse repurchase agreements	34,443	27,797	34,443	27,797
Financial assets held for trading	86,931	86,021	86,931	86,021
Financial investments available-for-sale	216,453	232,373	216,453	232,373
Financial investments held-to-maturity	225,379	157,075	225,379	157,075
	<u>3,061,673</u>	<u>2,774,348</u>	<u>3,061,673</u>	<u>2,774,348</u>
Net accretion of discount less amortisation of premium	(6,819)	(4,952)	(6,819)	(4,952)
	<u>3,054,854</u>	<u>2,769,396</u>	<u>3,054,854</u>	<u>2,769,396</u>
Bank				
Loans and advances				
- interest income	1,976,046	1,781,743	1,976,046	1,781,743
- unwinding income [^]	10,767	9,544	10,767	9,544
Money at call and deposits with financial institutions	131,175	129,984	131,175	129,984
Reverse repurchase agreements	31,948	27,099	31,948	27,099
Financial assets held for trading	82,640	82,093	82,640	82,093
Financial investments available-for-sale	193,175	207,940	193,175	207,940
Financial investments held-to-maturity	203,525	135,461	203,525	135,461
	<u>2,629,276</u>	<u>2,373,864</u>	<u>2,629,276</u>	<u>2,373,864</u>
Net accretion of discount less amortisation of premium	4,363	2,725	4,363	2,725
	<u>2,633,639</u>	<u>2,376,589</u>	<u>2,633,639</u>	<u>2,376,589</u>

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

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	54,743	107,272	54,743	107,272
Deposits from other customers	1,055,446	932,041	1,055,446	932,041
Repurchase agreements	67,313	22,451	67,313	22,451
Financial liabilities designated at fair value	35,159	26,977	35,159	26,977
Negotiable certificates of deposits	60,422	50,322	60,422	50,322
Recourse obligation on loan and financing				
sold to Cagamas	22,514	-	22,514	-
Bonds and debentures	44,621	38,300	44,621	38,300
Redeemable preference shares	-	11,987	-	11,987
Subordinated obligations	129,974	106,944	129,974	106,944
Other borrowings	9,585	7,175	9,585	7,175
	<u>1,479,777</u>	<u>1,303,469</u>	<u>1,479,777</u>	<u>1,303,469</u>
Bank				
Deposits and placements of banks and other financial institutions	45,450	103,258	45,450	103,258
Deposits from other customers	967,518	803,189	967,518	803,189
Repurchase agreements	66,842	18,534	66,842	18,534
Financial liabilities designated at fair value	25,863	23,510	25,863	23,510
Negotiable certificates of deposits	59,163	48,618	59,163	48,618
Recourse obligation on loan and financing				
sold to Cagamas	22,514	-	22,514	-
Bonds and debentures	28,296	26,143	28,296	26,143
Subordinated obligations	114,259	103,526	114,259	103,526
Other borrowings	12,235	10,150	12,235	10,150
	<u>1,342,140</u>	<u>1,136,928</u>	<u>1,342,140</u>	<u>1,136,928</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Net fee and commission income				
Commissions	75,919	83,903	75,919	83,903
Fee on loans and advances	99,492	136,164	99,492	136,164
Service charges and fees	122,256	129,637	122,256	129,637
Guarantee fees	13,118	15,783	13,118	15,783
Other fee income	59,007	63,000	59,007	63,000
Fee and commission income	369,792	428,487	369,792	428,487
Fee and commission expense	(73,963)	(100,049)	(73,963)	(100,049)
Net fee and commission income	295,829	328,438	295,829	328,438
Gross dividend income from:				
Financial assets held for trading	4,049	9,055	4,049	9,055
Financial investments available-for-sale	357	1,624	357	1,624
	4,406	10,679	4,406	10,679
Net gain/(loss) arising from financial assets held for trading:				
- realised loss	(122,484)	(94,496)	(122,484)	(94,496)
- unrealised gain/(loss)	228,414	(630)	228,414	(630)
	105,930	(95,126)	105,930	(95,126)
Net gain arising from derivative financial instrument				
- realised gain	230,889	343,465	230,889	343,465
- unrealised (loss)/gain	(163,537)	122,214	(163,537)	122,214
	67,352	465,679	67,352	465,679
Net loss arising from financial liabilities designated at fair value				
- realised loss	(3,136)	(9,679)	(3,136)	(9,679)
- unrealised loss	(307,739)	(119,213)	(307,739)	(119,213)
	(310,875)	(128,892)	(310,875)	(128,892)
Net loss arising from hedging activities	(32,138)	(3,342)	(32,138)	(3,342)
Net gain from sale of financial investments available-for-sale	39,244	35,617	39,244	35,617
Net gain from redemption of financial investments held-to-maturity	-	16	-	16
Other non-interest income				
Foreign exchange gain/(loss)	290,658	(9,463)	290,658	(9,463)
Rental income	1,923	2,524	1,923	2,524
Gain on disposal of property, plant and equipment/assets held for sale	1,055	2,077	1,055	2,077
Loss on disposal of foreclosed properties	(6,494)	(13,792)	(6,494)	(13,792)
Others	16,196	18,391	16,196	18,391
	303,338	(263)	303,338	(263)
	473,086	612,806	473,086	612,806

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Bank				
Net fee and commission income				
Commissions	61,586	69,291	61,586	69,291
Fee on loans and advances	99,015	136,154	99,015	136,154
Service charges and fees	105,052	112,115	105,052	112,115
Guarantee fees	10,055	12,791	10,055	12,791
Other fee income	46,604	43,042	46,604	43,042
Fee and commission income	322,312	373,393	322,312	373,393
Fee and commission expense	(66,515)	(92,336)	(66,515)	(92,336)
Net fee and commission income	255,797	281,057	255,797	281,057
Gross dividend income from:				
Financial assets held for trading	4,049	9,055	4,049	9,055
Subsidiaries	-	15,000	-	15,000
	4,049	24,055	4,049	24,055
Net gain/(loss) arising from financial assets held for trading				
- realised loss	(130,229)	(99,892)	(130,229)	(99,892)
- unrealised gain/(loss)	230,408	(283)	230,408	(283)
	100,179	(100,175)	100,179	(100,175)
Net (loss)/gain arising from derivative financial instrument				
- realised gain	182,136	336,069	182,136	336,069
- unrealised (loss)/gain	(395,610)	108,671	(395,610)	108,671
	(213,474)	444,740	(213,474)	444,740
Net loss arising from financial liabilities designated at fair value				
- realised gain/(loss)	1,750	(5,087)	1,750	(5,087)
- unrealised loss	(139,805)	(109,762)	(139,805)	(109,762)
	(138,055)	(114,849)	(138,055)	(114,849)
Net loss arising from hedging activities				
	(31,268)	(694)	(31,268)	(694)
Net gain from sale of financial investments available-for-sale				
	1,430	20,138	1,430	20,138
Net gain from redemption of financial investments held-to-maturity				
	-	16	-	16
Other non-interest income				
Foreign exchange gain/(loss)	360,418	(49,213)	360,418	(49,213)
Rental income	1,125	1,556	1,125	1,556
Gain on disposal of property, plant and equipment/assets held for sale	747	2,419	747	2,419
Others	10,772	9,721	10,772	9,721
	373,062	(35,517)	373,062	(35,517)
	351,720	518,771	351,720	518,771

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

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	553,575	597,324	553,575	597,324
- Pension costs (defined contribution plan)	58,853	57,310	58,853	57,310
- Pension costs (defined benefit plan)	4,468	4,128	4,468	4,128
- Overtime	4,144	4,005	4,144	4,005
- Staff incentives and other staff payments	34,802	38,140	34,802	38,140
- Medical expenses	21,781	15,282	21,781	15,282
- Others	13,982	13,001	13,982	13,001
	691,605	729,190	691,605	729,190
Establishment costs				
- Depreciation of property, plant and equipment	39,677	52,276	39,677	52,276
- Amortisation of prepaid lease payments	51	49	51	49
- Rental	68,641	61,750	68,641	61,750
- Repair and maintenance	84,859	75,581	84,859	75,581
- Outsourced services	32,805	35,511	32,805	35,511
- Security expenses	25,717	26,984	25,717	26,984
- Others	33,380	33,645	33,380	33,645
	285,130	285,796	285,130	285,796
Marketing expenses				
- Sales commission	688	859	688	859
- Advertisement	41,029	45,396	41,029	45,396
- Others	5,469	7,267	5,469	7,267
	47,186	53,522	47,186	53,522
Administration and general expenses				
- Communication	5,114	4,305	5,114	4,305
- Consultancy and professional fees	12,601	9,006	12,601	9,006
- Legal expenses	2,356	3,548	2,356	3,548
- Stationery	9,062	8,347	9,062	8,347
- Amortisation of intangible assets	45,943	43,451	45,943	43,451
- Postages	13,609	10,286	13,609	10,286
- Administrative travelling and vehicle expenses	9,881	10,400	9,881	10,400
- Incidental expenses on banking operations	15,916	10,147	15,916	10,147
- Insurance	40,393	39,651	40,393	39,651
- Others	74,184	32,221	74,184	32,221
	229,059	171,362	229,059	171,362
Shared service cost	(1,309)	20,071	(1,309)	20,071
	1,251,671	1,259,941	1,251,671	1,259,941

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	431,967	469,759	431,967	469,759
- Pension costs (defined contribution plan)	53,112	51,629	53,112	51,629
- Overtime	2,856	2,476	2,856	2,476
- Staff incentives and other staff payments	27,661	32,371	27,661	32,371
- Medical expenses	20,110	14,080	20,110	14,080
- Others	11,855	11,032	11,855	11,032
	547,561	581,347	547,561	581,347
Establishment costs				
- Depreciation of property, plant and equipment	27,539	38,550	27,539	38,550
- Rental	56,580	50,900	56,580	50,900
- Repair and maintenance	77,161	69,124	77,161	69,124
- Outsourced services	29,873	59,761	29,873	59,761
- Security expenses	25,482	27,393	25,482	27,393
- Others	26,346	19,239	26,346	19,239
	242,981	264,967	242,981	264,967
Marketing expenses				
- Sales commission	10	-	10	-
- Advertisement	35,290	39,776	35,290	39,776
- Others	5,256	3,576	5,256	3,576
	40,556	43,352	40,556	43,352
Administration and general expenses				
- Communication	3,422	2,617	3,422	2,617
- Consultancy and professional fees	11,462	8,239	11,462	8,239
- Legal expenses	856	767	856	767
- Stationery	6,327	6,346	6,327	6,346
- Amortisation of intangible assets	40,041	37,709	40,041	37,709
- Postages	10,902	6,878	10,902	6,878
- Administrative travelling and vehicle expenses	7,511	7,911	7,511	7,911
- Incidental expenses on banking operations	10,399	6,500	10,399	6,500
- Insurance	9,859	9,955	9,859	9,955
- Others	66,237	8,658	66,237	8,658
	167,016	95,580	167,016	95,580
Shared service cost	(104,404)	(74,938)	(104,404)	(74,938)
	893,710	910,308	893,710	910,308

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 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	73,906	46,767	73,906	46,767
- Portfolio impairment allowance	119,871	192,485	119,871	192,485
Impaired loans and advances :				
- recovered	(84,040)	(74,769)	(84,040)	(74,769)
- written off	4,290	8,218	4,290	8,218
	114,027	172,701	114,027	172,701
Bank				
Allowances for impaired loans and financing :				
Net allowance made/(written-back) during the financial period				
- Individual impairment allowance	15,346	(4,667)	15,346	(4,667)
- Portfolio impairment allowance	55,298	96,831	55,298	96,831
Impaired loans and advances :				
- recovered	(52,084)	(45,327)	(52,084)	(45,327)
- written off	3,535	3,330	3,535	3,330
	22,095	50,167	22,095	50,167

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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

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

(i) Derivative financial instruments

At 31 March 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	24,372,152	436,114	(1,061,185)	16,900,992	338,726	(872,170)
- less than one year	20,514,622	362,662	(632,106)	13,480,697	268,501	(447,898)
- one year to three years	3,053,622	73,452	(208,722)	2,574,640	70,225	(195,391)
- more than three years	803,908	-	(220,357)	845,655	-	(228,881)
Currency swaps	179,250,692	2,033,251	(2,097,035)	68,633,452	1,210,869	(1,443,146)
- less than one year	177,020,022	1,978,173	(2,054,537)	67,531,381	1,166,306	(1,417,048)
- one year to three years	1,707,556	55,046	(32,740)	1,102,071	44,563	(26,098)
- more than three years	523,114	32	(9,758)	-	-	-
Currency spots	8,579,672	14,309	(14,683)	5,658,609	12,081	(13,441)
- less than one year	8,579,672	14,309	(14,683)	5,658,609	12,081	(13,441)
Currency options	10,666,405	265,377	(262,193)	9,748,918	245,940	(246,806)
- less than one year	9,271,651	180,917	(176,158)	8,569,821	169,957	(169,205)
- one year to three years	406,544	16,643	(16,015)	202,009	8,166	(8,177)
- more than three years	988,210	67,817	(70,020)	977,088	67,817	(69,424)
Cross currency interest rate swaps	58,934,091	3,333,876	(3,133,680)	32,728,988	2,787,941	(2,458,101)
- less than one year	16,261,748	701,652	(775,572)	6,429,506	529,923	(470,094)
- one year to three years	19,543,178	1,215,368	(1,363,939)	11,476,889	968,639	(1,108,068)
- more than three years	23,129,165	1,416,856	(994,169)	14,822,593	1,289,379	(879,939)
	281,803,012	6,082,927	(6,568,776)	133,670,959	4,595,557	(5,033,664)
<u>Interest rate derivatives</u>						
Interest rate swaps	464,095,581	3,147,584	(2,488,593)	337,589,734	2,072,199	(1,716,481)
- less than one year	194,529,317	140,363	(124,221)	141,622,247	101,178	(75,708)
- one year to three years	136,131,160	687,576	(665,742)	101,115,732	533,231	(526,938)
- more than three years	133,435,104	2,319,645	(1,698,630)	94,851,755	1,437,790	(1,113,835)
Interest rate futures	5,448,978	616	(11,304)	5,448,978	616	(11,304)
- less than one year	3,175,958	616	(5,279)	3,175,958	616	(5,279)
- one year to three years	2,273,020	-	(6,025)	2,273,020	-	(6,025)
Interest rate options	178,087	136	(370)	189,210	731	(370)
- less than one year	178,087	136	(370)	189,210	731	(370)
	469,722,646	3,148,336	(2,500,267)	343,227,922	2,073,546	(1,728,155)
<u>Equity related derivatives</u>						
Equity swaps	579,592	909	(1,462)	579,592	909	(1,462)
- less than one year	5,389	-	(659)	5,389	-	(659)
- more than three years	574,203	909	(803)	574,203	909	(803)
Equity options	8,839,085	57,621	(307,035)	8,839,085	57,621	(307,035)
- less than one year	2,639,295	18,090	(155,625)	2,639,295	18,090	(155,625)
- one year to three years	5,393,786	30,471	(133,370)	5,393,786	30,471	(133,370)
- more than three years	806,004	9,060	(18,040)	806,004	9,060	(18,040)
Equity futures	180,654	1,004	(565)	180,654	1,004	(565)
- less than one year	180,654	1,004	(565)	180,654	1,004	(565)
	9,599,331	59,534	(309,062)	9,599,331	59,534	(309,062)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 March 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	1,421,164	393,211	(343,160)	1,422,239	393,251	(343,191)
- less than one year	1,317,722	302,879	(253,678)	1,318,797	302,919	(253,709)
- one year to three years	103,442	90,332	(89,482)	103,442	90,332	(89,482)
Commodity futures	698,651	10,537	(53,625)	698,651	10,537	(53,625)
- less than one year	664,315	9,373	(52,161)	664,315	9,373	(52,161)
- one year to three years	34,336	1,164	(1,464)	34,336	1,164	(1,464)
Commodity options	2,633,336	182,722	(125,138)	2,631,282	182,674	(125,107)
- less than one year	2,274,434	129,624	(113,392)	2,272,380	129,576	(113,361)
- one year to three years	358,902	53,098	(11,746)	358,902	53,098	(11,746)
	4,753,151	586,470	(521,923)	4,752,172	586,462	(521,923)
<u>Credit related contract</u>						
Credit default swaps	8,055,135	67,516	(75,070)	8,055,135	67,516	(75,070)
- less than one year	3,775,679	9,700	(8,708)	3,775,679	9,700	(8,708)
- one year to three years	2,119,752	41,106	(40,608)	2,119,752	41,106	(40,608)
- more than three years	2,159,704	16,710	(25,754)	2,159,704	16,710	(25,754)
Total return swaps	2,624,035	10,382	(18,542)	2,581,005	10,342	(18,503)
- less than one year	1,898,855	1,005	(317)	1,898,855	1,005	(317)
- one year to three years	195,950	-	(8,312)	195,950	-	(8,312)
- more than three years	529,230	9,377	(9,913)	486,200	9,337	(9,874)
	10,679,170	77,898	(93,612)	10,636,140	77,858	(93,573)
<u>Bond contract</u>						
Bond forward	30,000	198	(204)	30,000	198	(204)
- more than three years	30,000	198	(204)	30,000	198	(204)
<u>Hedging derivatives</u>						
Currency swaps	3,344,069	287,695	(77,757)	3,344,069	287,695	(77,757)
- less than one year	3,344,069	287,695	(77,757)	3,344,069	287,695	(77,757)
Cross currency interest rate swaps	3,929,891	70,474	(190,674)	3,042,995	51,935	(103,619)
- less than one year	1,436,379	16,642	(15,218)	1,436,379	16,642	(15,218)
- one year to three years	802,814	22,851	(42,940)	802,814	22,851	(42,940)
- more than three years	1,690,698	30,981	(132,516)	803,802	12,442	(45,461)
Interest rate swaps	27,988,894	174,714	(517,408)	32,076,852	360,023	(517,632)
- less than one year	5,264,928	6,763	(1,606)	5,512,074	6,683	(1,830)
- one year to three years	7,406,199	30,571	(51,407)	7,953,924	37,307	(51,407)
- more than three years	15,317,767	137,380	(464,395)	18,610,854	316,033	(464,395)
Total derivatives assets/(liabilities)	811,850,164	10,488,246	(10,779,683)	540,380,440	8,092,808	(8,385,589)

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 fulfil their obligation to pay the Group 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 RM10,488 million and RM8,093 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 31 March 2016, the Group and the Bank has posted cash collateral of RM4,410 million and RM3,859 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 are discussed 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

	31 Mar 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	3,568,925	3,790,900
Transaction-related contingent items	4,368,153	4,799,716
Short-term self-liquidating trade-related contingencies	7,197,678	8,525,630
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	43,781,737	42,988,381
- maturity exceeding one year	25,028,317	22,156,647
Miscellaneous commitments and contingencies	2,967,861	4,128,120
Total credit-related commitments and contingencies	<u>86,912,671</u>	<u>86,389,394</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	236,428,163	210,636,232
- one year to five years	42,826,786	46,421,842
- more than five years	9,822,023	10,690,956
	289,076,972	267,749,030
Interest rate related contracts :		
- less than one year	203,148,290	204,607,635
- one year to five years	248,562,616	232,598,191
- more than five years	46,000,634	48,113,540
	497,711,540	485,319,366
Equity related contracts:		
- less than one year	2,825,338	3,049,197
- one year to five years	6,120,927	6,603,384
- more than five years	653,066	736,756
	9,599,331	10,389,337
Credit related contracts:		
- less than one year	5,674,534	5,933,342
- one year to five years	3,698,930	4,198,809
- more than five years	1,305,706	496,742
	10,679,170	10,628,893
Commodity related contracts:		
- less than one year	4,256,471	4,540,275
- one year to five years	496,680	371,506
	4,753,151	4,911,781
Bond contracts:		
- more than five years	30,000	30,000
	30,000	30,000
Total treasury-related commitments and contingencies	<u>811,850,164</u>	<u>779,028,407</u>
	<u>898,762,835</u>	<u>865,417,801</u>

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

	31 Mar 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,439,543	3,606,342
Transaction-related contingent items	2,885,666	3,203,646
Short-term self-liquidating trade-related contingencies	6,529,124	7,928,718
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	37,225,444	36,678,554
- maturity exceeding one year	21,902,508	19,681,552
Miscellaneous commitments and contingencies	1,347,906	2,853,674
Total credit-related commitments and contingencies	<u>73,330,191</u>	<u>73,952,486</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	106,450,462	101,915,234
- one year to five years	27,321,253	29,466,645
- more than five years	6,286,308	6,797,850
	140,058,023	138,179,729
Interest rate related contracts :		
- less than one year	150,499,489	154,794,412
- one year to five years	191,948,015	188,658,808
- more than five years	32,857,270	34,958,563
	375,304,774	378,411,783
Equity related contracts:		
- less than one year	2,825,338	3,049,197
- one year to five years	6,120,927	6,603,384
- more than five years	653,066	736,756
	9,599,331	10,389,337
Credit related contracts:		
- less than one year	5,674,534	5,933,342
- one year to five years	3,298,522	4,198,809
- more than five years	1,663,084	446,522
	10,636,140	10,578,673
Commodity related contracts:		
- less than one year	4,255,492	4,527,433
- one year to five years	496,680	371,506
	4,752,172	4,898,939
Bond contracts:		
- more than five years	30,000	30,000
	30,000	30,000
Total treasury-related commitments and contingencies	<u>540,380,440</u>	<u>542,488,461</u>
	<u>613,710,631</u>	<u>616,440,947</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. 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 guideline 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 guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The capital adequacy for CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines as issued on 8 November 2012.

The risk-weighted assets of the Group (other than CIMB Thai Bank and CIMB Bank PLC) and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The risk-weighted assets of CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

On 13 October 2015, BNM issued updated guidelines on the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) which are applicable to all banking institutions with effect as of the date of the guidelines and all financial holding companies with effect from 1 January 2019.

The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand ("BOT") requirements and are computed in accordance with the revised "Notification of The BOT. No. SoNoRSor. 87/2551 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The regulatory compliance ratios of CIMB Bank PLC refers to Solvency Ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank PLC's net worth divided by its risk-weighted assets.

31 March 2016 - Basel III

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

	The Group	The Bank*
	RM'000	RM'000
Common equity tier 1 ratio	10.859%	11.091%
Tier 1 ratio	11.697%	12.083%
Total capital ratio	15.449%	15.824%

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk	176,509,823	132,260,153
Market risk	13,129,383	10,773,591
Large exposure risk requirements	664,591	664,591
Operational risk	17,453,727	12,988,746
Total risk-weighted assets	207,757,524	156,687,081

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 March 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	25,129,502	20,443,725
Qualifying non-controlling interests	268,494	-
Common Equity Tier I capital before regulatory adjustments	<u>30,546,080</u>	<u>25,591,809</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,023,387)	(3,555,075)
Intangible assets	(931,203)	(864,931)
Deferred tax assets	(399,031)	(211,153)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(508,241)	(2,570,376)
Others	(1,123,606)	(1,012,179)
Common Equity Tier I capital after regulatory adjustments	<u>22,560,612</u>	<u>17,378,095</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
Qualifying capital instruments held by third parties	53,219	-
	<u>1,740,299</u>	<u>1,687,080</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>1,740,299</u>	<u>1,555,080</u>
Total Tier I capital	<u>24,300,911</u>	<u>18,933,175</u>
Tier II capital		
Subordinated notes	6,950,000	6,950,000
Redeemable preference shares	17,844	17,844
Qualifying capital instruments held by third parties	378,614	-
Surplus eligible provisions over expected loss	290,776	508,439
Portfolio impairment allowance and regulatory reserves ^	498,136	218,115
Tier II capital before regulatory adjustments	<u>8,135,370</u>	<u>7,694,398</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(338,878)	(1,833,962)
Total Tier II capital	<u>7,796,492</u>	<u>5,860,436</u>
Total capital	<u>32,097,403</u>	<u>24,793,611</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	12.687%	10.603%	N/A
Tier 1 ratio	13.494%	10.603%	N/A
Total capital ratio	<u>15.859%</u>	<u>14.856%</u>	<u>18.330%</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*
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	<u>30,974,867</u>	<u>25,772,756</u>
<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	<u>54,760</u>	<u>-</u>
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	<u>-</u>	<u>(88,000)</u>
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	<u>8,175,745</u>	<u>7,796,632</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(478,907)</u>	<u>(2,750,641)</u>
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 RM190 million (2015: RM183 million) and RM166 million (2015: RM161 million) respectively.

The dividends on Redeemable Preference Shares were paid on 7 March 2016.

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**
31 Mar 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	1,075,045	166,821	218,168	118,062	(3,019)	1,575,077
- inter-segment	(227,888)	49,202	148,724	29,962	-	-
	847,157	216,023	366,892	148,024	(3,019)	1,575,077
Income/(expense) from Islamic Banking operations	180,814	40,109	104,911	47,364	-	373,198
Net non-interest income/(expense)	274,375	56,589	174,998	(42,663)	9,787	473,086
Net income/(expense)	1,302,346	312,721	646,801	152,725	6,768	2,421,361
Overheads	(738,046)	(144,083)	(319,377)	(44,147)	(6,018)	(1,251,671)
of which:						
Depreciation of property, plant and equipment	(36,321)	(1,173)	(1,905)	(278)	-	(39,677)
Amortisation of prepaid lease payments	(45)	(2)	(4)	-	-	(51)
Amortisation of intangible assets	(33,402)	(581)	(6,494)	(5,466)	-	(45,943)
Profit before allowances	564,300	168,638	327,424	108,578	750	1,169,690
Allowances for impairment losses on loans, advances and financing (made)/written-back	(52,188)	(43,692)	(18,387)	240	-	(114,027)
Allowances for losses on other receivables	-	-	-	-	(2,797)	(2,797)
Allowances for other impairment losses written-back	-	119	-	-	-	119
Segment result	512,112	125,065	309,037	108,818	(2,047)	1,052,985
Share of results of joint venture	1,024	-	-	-	-	1,024
Share of results of associates	-	-	-	48,974	-	48,974
Taxation						(236,226)
Profit for the financial period						866,757

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

Group
31 Mar 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	988,322	177,878	179,224	122,719	(2,216)	1,465,927
- inter-segment	(166,049)	17,906	150,416	(2,273)	-	-
	822,273	195,784	329,640	120,446	(2,216)	1,465,927
Income from Islamic Banking operations	174,230	33,103	101,610	19,681	1,189	329,813
Net non-interest income	258,066	58,782	250,777	36,085	9,096	612,806
Net income	1,254,569	287,669	682,027	176,212	8,069	2,408,546
Overheads	(755,048)	(153,576)	(303,972)	(40,356)	(6,989)	(1,259,941)
of which:						
Depreciation of property, plant and equipment	(39,774)	(1,645)	(5,315)	(5,542)	-	(52,276)
Amortisation of prepaid lease payments	(44)	(1)	(4)	-	-	(49)
Amortisation of intangible assets	(33,485)	(698)	(3,147)	(6,121)	-	(43,451)
Profit before allowances	499,521	134,093	378,055	135,856	1,080	1,148,605
Allowances for impairment losses on loans, advances and financing (made)/written-back	(159,272)	24,958	(38,387)	-	-	(172,701)
Allowances for losses on other receivables	-	-	-	-	(1,713)	(1,713)
Allowances for other impairment losses written-back/(made)	-	244	-	(37)	-	207
Segment result	340,249	159,295	339,668	135,819	(633)	974,398
Share of results of joint venture	461	-	-	-	-	461
Share of results of associates	-	-	-	15,103	-	15,103
Taxation						(197,376)
Profit for the financial period						792,586

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
31 Mar 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	133,485,250	29,000,610	188,192,050	20,855,319	371,533,229
Unallocated assets					14,147,196
Total assets					385,680,425
Segment liabilities	108,915,277	32,666,652	194,287,725	10,828,839	346,698,493
Unallocated liabilities					7,275,037
Total liabilities					353,973,530
Other segment items					
Capital expenditure	43,075	971	6,265	4,715	55,026
Investment in joint venture	163,800	-	-	-	163,800
Investment in associates	-	-	-	847,068	847,068

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 31 March 2016					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
The Group										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	13,831,043	-	13,831,043	-	13,831,043	12,111,815	-	12,111,815	-	12,111,815
-Quoted securities	1,712,435	1,712,435	-	-	1,712,435	1,189,912	1,189,912	-	-	1,189,912
-Unquoted securities	4,851,969	-	4,712,415	139,554	4,851,969	5,134,228	-	4,976,843	157,385	5,134,228
Financial investments available-for-sale										
-Money market instruments	2,083,143	-	2,083,143	-	2,083,143	2,768,757	-	2,768,757	-	2,768,757
-Quoted securities	2,845,737	2,845,737	-	-	2,845,737	3,187,662	3,187,662	-	-	3,187,662
-Unquoted securities	20,079,235	-	18,805,538	1,273,697	20,079,235	22,054,230	-	20,746,772	1,307,458	22,054,230
Derivative financial instruments										
-Trading derivatives	9,955,363	13,122	9,868,908	73,333	9,955,363	11,301,985	12,408	11,156,699	132,878	11,301,985
-Hedging derivatives	532,883	-	532,883	-	532,883	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	55,897,503	4,571,294	49,839,625	1,486,584	55,897,503	57,916,261	4,389,982	51,928,558	1,597,721	57,916,261
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	9,993,844	130,948	9,611,541	251,355	9,993,844	11,274,807	140,679	10,917,501	216,627	11,274,807
- Hedging derivatives	785,839	-	785,839	-	785,839	605,727	-	605,727	-	605,727
Financial liabilities designated at fair values										
	4,914,712	-	4,536,380	378,332	4,914,712	4,952,771	-	4,593,682	359,089	4,952,771
Total	15,694,395	130,948	14,933,760	629,687	15,694,395	16,833,305	140,679	16,116,910	575,716	16,833,305
The Bank										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	11,698,008	-	11,698,008	-	11,698,008	9,723,139	-	9,723,139	-	9,723,139
-Quoted securities	657,602	657,602	-	-	657,602	483,899	483,899	-	-	483,899
-Unquoted securities	4,628,831	-	4,571,347	57,484	4,628,831	4,744,734	-	4,679,905	64,829	4,744,734
Financial investments available-for-sale										
-Money market instruments	2,015,013	-	2,015,013	-	2,015,013	2,451,675	-	2,451,675	-	2,451,675
-Quoted securities	78	78	-	-	78	94	94	-	-	94
-Unquoted securities	18,723,049	-	17,492,150	1,230,899	18,723,049	20,382,270	-	19,134,851	1,247,419	20,382,270
Derivative financial instruments										
-Trading derivatives	7,393,155	13,122	7,306,700	73,333	7,393,155	8,557,956	12,408	8,412,670	132,878	8,557,956
-Hedging derivatives	699,653	-	699,653	-	699,653	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	45,815,764	670,802	43,783,246	1,361,716	45,815,764	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	7,686,581	130,948	7,304,278	251,355	7,686,581	8,629,688	140,679	8,272,382	216,627	8,629,688
-Hedging derivatives	699,008	-	699,008	-	699,008	468,246	-	468,246	-	468,246
Financial liabilities designated at fair values										
	2,808,896	-	2,430,564	378,332	2,808,896	2,848,922	-	2,489,833	359,089	2,848,922
Total	11,194,485	130,948	10,433,850	629,687	11,194,485	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 31 March 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		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total RM'000
The Group							
2016							
At 1 January	157,385	1,307,458	132,878	1,597,721	(216,627)	(359,089)	(575,716)
Total (losses)/gains recognised in statement of income	(4,409)	9,120	(63,505)	(58,794)	(31,289)	(22,667)	(53,956)
Total losses recognised in other comprehensive income	-	(1,271)	-	(1,271)	-	-	-
Purchases	-	10,872	14,204	25,076	(10,484)	-	(10,484)
Sales and redemptions	-	(17,962)	-	(17,962)	-	-	-
Settlements	-	-	(8,854)	(8,854)	5,349	3,424	8,773
Exchange fluctuation	(13,422)	(34,520)	(1,390)	(49,332)	1,696	-	1,696
At 31 March	139,554	1,273,697	73,333	1,486,584	(251,355)	(378,332)	(629,687)
Total (losses)/gains recognised in statement of income for financial period ended 31 March 2016 under:							
- net non-interest income	(4,409)	9,120	(63,505)	(58,794)	(31,289)	(18,899)	(50,188)
- interest expense	-	-	-	-	-	(3,768)	(3,768)
Total losses recognised in other comprehensive income for financial period ended 31 March 2016 under "revaluation reserves"	-	(1,271)	-	(1,271)	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 March 2016 under "net non-interest income"	(4,409)	7,775	3,453	6,819	(122,972)	(18,899)	(141,871)
	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total RM'000
The Group							
2015							
At 1 January	132,681	1,460,397	66,855	1,659,933	(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)	(319,650)	-	(324,650)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	28,935	100,062	2,067	131,064	(99,281)	-	(99,281)
At 31 December	157,385	1,307,458	132,878	1,597,721	(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 31 March 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		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total 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 (losses)/gains recognised in statement of income	(1,816)	7,757	(63,505)	(57,564)	(31,289)	(22,667)	(53,956)
Total gains recognised in other comprehensive income	-	5,680	-	5,680	-	-	-
Purchases	-	10,661	14,204	24,865	(10,484)	-	(10,484)
Sales and redemptions	-	(9,390)	-	(9,390)	-	-	-
Settlements	-	-	(8,854)	(8,854)	5,349	3,424	8,773
Exchange fluctuation	(5,529)	(31,228)	(1,390)	(38,147)	1,696	-	1,696
At 31 March	57,484	1,230,899	73,333	1,361,716	(251,355)	(378,332)	(629,687)
Total (losses)/gains recognised in statement of income for financial period ended 31 March 2016 under:							
- net non-interest income	(1,816)	7,757	(63,505)	(57,564)	(31,289)	(18,899)	(50,188)
- interest expense	-	-	-	-	-	(3,768)	(3,768)
Total gains recognised in other comprehensive income for financial period ended 31 March 2016 under "revaluation reserves"	-	5,680	-	5,680	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 March 2016 under "net non-interest income"	(1,816)	7,757	3,453	9,394	(122,972)	(18,899)	(141,871)
	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total 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	-	-	-
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)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

		Group		Bank	
	Note	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Assets					
Cash and short-term funds		6,623,131	7,475,867	1,167,778	1,540,012
Deposits and placements with banks and other financial institutions		977	404,241	176,403	271,289
Financial assets held for trading		2,548,368	2,945,220	269,362	253,282
Financial investments available-for-sale		1,747,234	2,337,791	368,587	398,812
Financial investments held-to-maturity		2,141,423	1,893,963	218,737	229,432
Islamic derivative financial instruments		443,622	479,624	3,264	3,344
Financing, advances and other financing/loans	A25c	45,857,364	45,028,998	4,259,565	4,703,558
Other assets		777,329	595,390	570,748	425,611
Deferred taxation		28,744	30,454	-	-
Amount due from conventional operations		1,698,702	1,374,083	-	-
Amount due from related companies		2,800,623	2,988,364	2,800,071	2,987,728
Statutory deposits with Bank Negara Malaysia		1,209,210	1,257,178	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		80,386	83,005	55	64
Property, plant and equipment		11,554	12,628	32	32
Total assets		66,104,667	67,042,806	9,834,602	10,813,164
Liabilities					
Deposits from customers	A25d	46,678,721	46,820,998	3,071,965	2,573,118
Investment accounts of customers	A25e	243,566	232,716	-	-
Deposits and placements of banks and other financial institutions		2,209,282	3,584,073	2,029,924	2,341,073
Investment accounts due to designated financial institutions	A25f	3,510,503	2,900,982	-	-
Financial liabilities designated at fair value	A25g	165,227	199,063	-	-
Islamic derivative financial instruments		655,214	586,143	1,114	82
Other liabilities		4,609,956	5,003,218	4,148,276	4,595,621
Recourse obligation on loans and financing sold to Cagamas		1,354,871	502,368	-	-
Amount due to related company		469,895	1,190,830	353,656	1,074,832
Amount due to conventional operations		-	11,043	-	-
Provision for taxation and Zakat		42,719	37,587	-	-
Subordinated Sukuk		853,702	856,983	-	-
Total liabilities		60,793,656	61,926,004	9,604,935	10,584,726
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,091,011	3,896,802	229,667	228,438
Total equity		5,311,011	5,116,802	229,667	228,438
Total equity and liabilities		66,104,667	67,042,806	9,834,602	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 31 MARCH 2016**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	639,999	528,680	639,999	528,680
Income derived from investment of investment accounts	42,578	-	42,578	-
Net income derived from investment of shareholders' funds	60,457	127,329	60,457	127,329
Allowance for impairment losses on financing, advances and other financing/loans written-back/(made)	13,010	(35,156)	13,010	(35,156)
Allowance for losses on other receivables written-back/(made)	33	(25)	33	(25)
Total distributable income	756,077	620,828	756,077	620,828
Income attributable to depositors	(340,356)	(326,196)	(340,356)	(326,196)
Profit distributed to investment account holder	(29,480)	-	(29,480)	-
Total net income	386,241	294,632	386,241	294,632
Other operating expenses	(129,147)	(129,379)	(129,147)	(129,379)
Profit before taxation	257,094	165,253	257,094	165,253
Taxation	(54,687)	(41,371)	(54,687)	(41,371)
Profit for the financial period	202,407	123,882	202,407	123,882

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	202,407	123,882	202,407	123,882
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	5,591	13,061	5,591	13,061
- Net gain from change in fair value	11,290	17,105	11,290	17,105
- Realised gain transferred to statement of income on disposal and impairment	(3,012)	(143)	(3,012)	(143)
- Income tax effects	(2,687)	(3,901)	(2,687)	(3,901)
Exchange fluctuation reserve	(13,621)	4,499	(13,621)	4,499
Other comprehensive (expense)/income for the financial period, net of tax	(8,030)	17,560	(8,030)	17,560
Total comprehensive income for the period	194,377	141,442	194,377	141,442
Total net income	386,241	294,632	386,241	294,632
Add: Allowance for impairment losses on financing, advances and other financing/loans (written-back)/made	(13,010)	35,156	(13,010)	35,156
Add: Allowance for losses on other receivables (written-back)/ made	(33)	25	(33)	25
Income from Islamic operations (per page 2)	373,198	329,813	373,198	329,813

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	38,394	15,430	38,394	15,430
Net income derived from investment of shareholders' funds	8,103	5,043	8,103	5,043
Allowance for impairment losses on financing, advances and other financing/loans written-back/(made)	133	(152)	133	(152)
Total distributable income	46,630	20,321	46,630	20,321
Income attributable to depositors	(13,015)	(5,144)	(13,015)	(5,144)
Total net income	33,615	15,177	33,615	15,177
Profit for the financial period	33,615	15,177	33,615	15,177

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	33,615	15,177	33,615	15,177
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	452	961	452	961
- Net (loss)/gain from change in fair value	(137)	1,094	(137)	1,094
- Realised loss/(gain) transferred to statement of income on disposal and impairment	589	(133)	589	(133)
Exchange fluctuation reserve	(22,577)	9,625	(22,577)	9,625
Other comprehensive (expense)/income for the financial period, net of tax	(22,125)	10,586	(22,125)	10,586
Total comprehensive income for the period	11,490	25,763	11,490	25,763
Total net income	33,615	15,177	33,615	15,177
Add: Allowances for impairment losses on financing, advances and other financing/loans (written-back)/made	(133)	152	(133)	152
Income from Islamic operations (per page 4)	33,482	15,329	33,482	15,329

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 31 Mar 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	14,701	622,218	-	1	636,920
Term financing					
- Housing financing	-	9,789,506	1,439,790	-	11,229,296
- Syndicated term financing	-	2,125,379	148,055	26,418	2,299,852
- Hire purchase receivables	-	-	4,102,724	-	4,102,724
- Other term financing	-	21,153,979	57,177	3,065,822	24,276,978
Credit card receivables	-	-	-	112,625	112,625
Bills receivable	-	3,947	-	-	3,947
Islamic trust receipts	-	18,578	-	149,959	168,537
Claim on customers under acceptance credit	-	301,543	-	-	301,543
Revolving credits	-	2,608,191	-	299,675	2,907,866
Share purchases financing	-	3,555	-	-	3,555
Ar Rahn	-	-	-	25	25
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	14,701	36,626,896	5,747,746	3,654,527	46,043,870
Fair value changes arising from fair value hedges					145,829
					46,189,699
Less: Allowance for impairment losses					
- Individual impairment allowance					(46,839)
- Portfolio impairment allowance					(285,496)
					(332,335)
					45,857,364

	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 31 Mar 2016			
Cash line	-	1	1
Term financing			
- Syndicated term financing	-	26,418	26,418
- Other term financing	719,714	3,065,822	3,785,536
Islamic trust receipts	-	149,959	149,959
Revolving credits	-	299,675	299,675
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>719,714</u>	<u>3,541,877</u>	<u>4,261,591</u>
Fair value changes arising from fair value hedges			-
			<u>4,261,591</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			<u>(2,026)</u>
			<u>(2,026)</u>
			<u>4,259,565</u>

	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	<u>815,281</u>	<u>3,890,533</u>	<u>4,705,814</u>
Fair value changes arising from fair value hedges			-
			<u>4,705,814</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			<u>(2,256)</u>
			<u>(2,256)</u>
			<u>4,703,558</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of 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 31 March 2016, the gross exposures to RPSIA financing is RM3,242 million (31 December 2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM4.8 million (31 December 2015: RM5.4 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	31 Mar 2016	31 Dec 2015
	RM'000	RM'000
As at 1 January	17,267	10,277
New disbursement	11,511	13,522
Repayment	(14,077)	(6,532)
As at 31 March/31 December	14,701	17,267
Sources of Qard fund:		
Depositors' fund	13,658	16,122
Shareholders' fund	1,043	1,145
	14,701	17,267
Uses of Qard fund:		
Personal use	255	337
Business purpose	14,446	16,930
	14,701	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	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Malaysia	42,018,948	40,805,185	236,669	230,014
Indonesia	71,341	47,251	71,341	47,251
Singapore	2,855,795	3,183,243	2,855,795	3,183,243
Other countries	1,097,786	1,245,306	1,097,786	1,245,306
	<u>46,043,870</u>	<u>45,280,985</u>	<u>4,261,591</u>	<u>4,705,814</u>

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

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Malaysia	470,668	424,383	-	-

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

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
At 1 January	424,383	457,860	-	-
Classified as impaired during the financial period/year	166,332	534,355	-	-
Reclassified as not impaired during the financial period/year	(63,039)	(305,934)	-	-
Amount written back in respect of recoveries	(25,059)	(103,317)	-	-
Amount written off	(31,949)	(158,581)	-	-
Balance as at 31 March/31 December	<u>470,668</u>	<u>424,383</u>	<u>-</u>	<u>-</u>
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	<u>1.02%</u>	<u>0.94%</u>	<u>0.00%</u>	<u>0.00%</u>

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

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 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	671	7,436	-	-
Amount written off	-	(981)	-	-
Balance as at 31 March/31 December	<u>46,839</u>	<u>46,168</u>	<u>-</u>	<u>-</u>
Portfolio impairment allowance				
At 1 January	316,310	347,623	2,256	1,193
Net allowance made/(written-back) during the financial period/year	1,233	126,030	(132)	826
Amount written off	(31,949)	(157,580)	-	-
Exchange fluctuation	(98)	237	(98)	237
Balance as at 31 March/31 December	<u>285,496</u>	<u>316,310</u>	<u>2,026</u>	<u>2,256</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	<u>1.06%</u>	<u>1.05%</u>	<u>-</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)****A25d. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	2,932,095	2,694,000	106,436	109,841
Demand deposit				
Wadiah	9,157,533	9,236,611	302,144	270,875
Qard	299,564	386,784	-	-
Term deposit				
Commodity Murabahah	33,580,725	33,230,363	2,422,922	1,934,275
Islamic negotiable instruments				
Mudharabah	241,336	344,450	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,342	-	-
Short term money market deposit-i				
Wakalah	20,993	17,816	20,993	17,816
Wadiah	-	10,965	-	10,965
Other term deposit				
Wadiah	219,470	239,772	219,470	229,346
General investment account				
Mudharabah	50,470	77,997	-	-
Specific investment account				
Mudharabah	165,245	169,209	-	-
Others - Qard	11,290	14,689	-	-
	46,678,721	46,820,998	3,071,965	2,573,118
(ii) By maturity structures of term deposits				
Due within six months	28,554,433	26,804,221	1,855,564	961,914
Six months to less than one year	5,311,174	7,129,187	804,917	1,229,801
One year to less than three years	249,071	390,597	2,904	687
Three years to less than five years	20,635	885	-	-
Five years and more	142,926	164,024	-	-
	34,278,239	34,488,914	2,663,385	2,192,402
(iii) By type of customer				
Government and statutory bodies	3,275,430	3,459,433	134	170
Business enterprises	17,682,459	19,006,157	1,991,930	1,648,635
Individuals	9,560,986	9,304,317	999,765	889,715
Others	16,159,846	15,051,091	80,136	34,598
	46,678,721	46,820,998	3,071,965	2,573,118

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Unrestricted investment accounts - without maturity				
Special Mudharabah Investment Account	243,566	232,716	-	-
	<u>243,566</u>	<u>232,716</u>	<u>-</u>	<u>-</u>

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Restricted investment accounts				
Mudharabah	3,510,503	2,900,982	-	-
By type of counterparty				
Licensed banks	<u>3,510,503</u>	<u>2,900,982</u>	<u>-</u>	<u>-</u>

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	31 Mar 2016 RM'000	31 Dec 2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Deposits from customers - structured investments	<u>165,227</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 31 March 2016 was RM1,479,000 (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 RM1,103.0 million for the three months period ended 31 March 2016, RM113.0 million or 11.4% higher as compared to the pre-tax profit of RM990.0 million registered in the previous corresponding period. Profit after tax increased by 9.4% to RM866.8 million.

Net interest income increased by 7.4% to RM1,575.1 million while income from Islamic Banking operations increased by RM43.4 million to RM373.2 million. Overheads decreased by RM8.3 million to RM1,251.7 million.

Net non-interest income decreased by 22.8% to RM473.1 million, mainly due to lower trading income and lower net fee and commission income. Allowances made for impairment losses on loans, advances and financing decreased by RM58.7 million to RM114.0 million, while share of results from associate increased to RM49.0 million for the three months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Bank remains cautiously optimistic for 2016 given the industry challenges and macroeconomic headwinds. Focus areas for the year include cost management, asset quality, capital management and governance. CIMB Malaysia faces a slower loan growth and higher funding cost environment. CIMB Singapore is expected to see mixed growth given the slower consumer segment growth. CIMB Thai's prospects remain challenging in the prevailing economic environment with continued close monitoring of asset quality. The Group's Treasury and Markets business will likely face continued capital market volatility.

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			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	863,149	790,107	863,149	790,107
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,787,023	5,148,084	4,787,023
Basic earnings per share (expressed in sen per share)	16.77	16.51	16.77	16.51

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	582,460	658,532	582,460	658,532
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,787,023	5,148,084	4,787,023
Basic earnings per share (expressed in sen per share)	11.31	13.76	11.31	13.76

b) Diluted EPS

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