

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

		The Group		The Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short term funds	A1	11,701,837	5,644,137	11,701,791	5,644,092
Deposits and placements with banks and other financial institutions	A2	77,971	141,226	77,971	141,226
Financial assets held for trading	A3	1,475,914	2,691,938	1,475,914	2,691,938
Financial investments available-for-sale	A4	1,559,088	1,926,048	1,559,088	1,926,048
Financial investments held-to-maturity	A5	3,176,959	1,664,531	3,176,959	1,664,531
Islamic derivative financial instruments	A23 (i)	467,764	476,278	467,764	476,278
Financing, advances and other financing/loans	A6	43,603,658	40,325,440	43,603,658	40,325,440
Other assets	A7	484,971	169,780	513,663	169,780
Deferred taxation		16,142	30,454	16,142	30,454
Amount due from holding company		320,235	-	320,235	-
Amount due from related companies		516	635	516	635
Statutory deposits with Bank Negara Malaysia		1,319,914	1,257,178	1,319,914	1,257,178
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		10,084	12,595	10,084	12,595
Intangible assets		75,195	82,941	75,195	82,941
Goodwill		136,000	136,000	136,000	136,000
Total assets		64,426,248	54,559,181	64,454,905	54,559,147
Liabilities					
Deposits from customers	A8	51,789,966	44,247,880	51,789,966	44,247,880
Investment accounts of customers	A9	256,514	232,716	256,514	232,716
Deposits and placements of banks and other financial institutions	A10	691,345	959,555	691,345	959,555
Investment accounts due to designated financial institutions	A11	3,949,829	2,900,982	3,949,829	2,900,982
Financial liabilities designated at fair value	A12	43,062	199,063	43,062	199,063
Islamic derivative financial instruments	A23 (i)	626,318	586,061	626,318	586,061
Amount due to holding company		-	11,043	-	11,043
Amount due to subsidiaries		-	-	-	1
Amount due to related companies		1,016	2,616	1,016	2,616
Other liabilities	A13	351,149	414,448	999,300	414,448
Provision for tax and Zakat		102,091	39,348	102,091	39,348
Recourse obligation on loans and financing sold to Cagamas		1,354,767	502,368	1,354,767	502,368
Sukuk		619,459	-	-	-
Subordinated Sukuk	A14	610,095	856,983	610,095	856,983
Total liabilities		60,395,611	50,953,063	60,424,303	50,953,064
Equity					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		2,810,637	2,386,118	2,810,602	2,386,083
		3,810,637	3,386,118	3,810,602	3,386,083
Perpetual preference shares		220,000	220,000	220,000	220,000
Total equity		4,030,637	3,606,118	4,030,602	3,606,083
Total equity and liabilities		64,426,248	54,559,181	64,454,905	54,559,147
Commitments and contingencies	A23 (ii)	48,181,395	29,305,914	48,181,395	29,305,914
Net assets per ordinary share attributable to owners of the Parent (RM)		3.81	3.39	3.81	3.39

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

		The Group			
		3rd Quarter Ended		9 Months Ended	
		30 September	30 September	September	30 September
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A15	586,297	540,392	1,752,225	1,563,565
Income derived from investment of investment account	A16	49,106	33,937	141,463	98,408
Income derived from investment of shareholder's funds	A17	91,983	72,452	224,935	286,094
Allowances for impairment losses on financing, advances and other financing/loans (made)/written-back	A18	(3,047)	(34,680)	3,171	(85,828)
Allowances for impairment losses on other receivables (made)/written-back		(23)	45	(138)	(22)
Total distributable income		724,316	612,146	2,121,656	1,862,217
Income attributable to depositors	A19	(389,257)	(331,649)	(1,111,802)	(1,005,628)
Profit distributed to investment account holder	A20	(34,599)	(32,177)	(100,177)	(95,868)
Total net income		300,460	248,320	909,677	760,721
Personnel expenses	A21	(9,528)	(16,109)	(28,126)	(56,513)
Other overheads and expenditures	A22	(116,961)	(111,368)	(339,809)	(326,112)
Profit for the the period		173,971	120,843	541,742	378,096
Taxation		(47,573)	(27,745)	(137,122)	(95,418)
Net profit for the period		126,398	93,098	404,620	282,678

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

Profit for the period	126,398	93,098	404,620	282,678
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Other comprehensive income/(expense):

Items that may be reclassified subsequently to profit or loss

Revaluation reserve financial investments available-for-sale				
- Net gain/(loss) from change in fair value	11,517	(45,102)	29,863	(22,833)
- Realised gain transferred to statement of income on disposal and impairment	(2,174)	(518)	(3,711)	(1,609)
- Income tax effects	(2,242)	7,907	(6,276)	3,038
Other comprehensive income/(expense) for the period, net of tax	7,101	(37,713)	19,876	(21,404)
Total comprehensive income for the period	133,499	55,385	424,496	261,274

Earnings per share (sen)	B3	12.64	9.31	40.46	28.27
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CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

		The Bank			
		3rd Quarter Ended		9 Months Ended	
		30 September	30 September	30 September	30 September
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A15	586,297	540,392	1,752,225	1,563,565
Income derived from investment of investment account	A16	49,106	33,937	141,463	98,408
Income derived from investment of shareholder's funds	A17	91,983	72,452	224,935	286,073
Allowances for impairment losses on financing, advances and other financing/loans (made)/written-back	A18	(3,047)	(34,680)	3,171	(85,828)
Allowances for impairment losses on other receivables (made)/written-back		(23)	45	(138)	(22)
Allowances for impairment on investment in subsidiaries		-	-	-	(9)
Total distributable income		724,316	612,146	2,121,656	1,862,187
Income attributable to depositors	A19	(389,257)	(331,649)	(1,111,802)	(1,005,628)
Profit distributed to investment account holder	A20	(34,599)	(32,177)	(100,177)	(95,868)
Total net income		300,460	248,320	909,677	760,691
Personnel costs	A21	(9,528)	(16,109)	(28,126)	(56,513)
Other overheads and expenditures	A22	(116,961)	(111,368)	(339,809)	(326,091)
Profit before taxation		173,971	120,843	541,742	378,087
Taxation		(47,573)	(27,745)	(137,122)	(95,418)
Profit for the financial period		126,398	93,098	404,620	282,669

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

Profit for the period	126,398	93,098	404,620	282,669
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Other comprehensive income/(expenses):
Items that may be reclassified subsequently to profit or loss

Revaluation reserve of financial investments available-for-sale				
- Net gain/(loss) from change in fair value	11,517	(45,102)	29,863	(22,833)
- Realised gain transferred to statement of income on disposal and impairment	(2,174)	(518)	(3,711)	(1,609)
- Income tax effects	(2,242)	7,907	(6,276)	3,038
Other comprehensive income/(expense) for the period, net of tax	7,101	(37,713)	19,876	(21,404)
Total comprehensive income for the period	133,499	55,385	424,496	261,265

Earnings per share -basis (sen)	B3	12.64	9.31	40.46	28.27
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The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

The Bank	← Non-distributable						Distributable →				
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 September 2016											
At 1 January 2016	1,000,000	945,153	(26,520)	(2,457)	458	60,957	547	1,407,945	3,386,083	220,000	3,606,083
Net profit for the financial period	-	-	-	-	-	-	-	404,620	404,620	-	404,620
Other comprehensive income (net of tax)											
- Financial investments available-for-sale	-	-	19,876	-	-	-	-	-	19,876	-	19,876
Total comprehensive income for the period	-	-	19,876	-	-	-	-	404,620	424,496	-	424,496
Share-based payment expense	-	-	-	-	-	-	423	-	423	-	423
Transfer to statutory reserve	-	69,556	-	-	-	-	-	(69,556)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	103,062	-	(103,062)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(400)	-	(400)	-	(400)
At 30 September 2016	1,000,000	1,014,709	(6,644)	(2,457)	458	164,019	570	1,639,947	3,810,602	220,000	4,030,602
30 September 2015											
At 1 January 2015	1,000,000	844,149	(17,270)	(2,457)	458	-	674	1,165,890	2,991,444	220,000	3,211,444
Net profit for the financial period	-	-	-	-	-	-	-	282,669	282,669	-	282,669
Other comprehensive income (net of tax)											
- Financial investments available-for-sale	-	-	(21,404)	-	-	-	-	-	(21,404)	-	(21,404)
Total comprehensive income for the period	-	-	(21,404)	-	-	-	-	282,669	261,265	-	261,265
Share-based payment expense	-	-	-	-	-	-	437	-	437	-	437
Transfer to statutory reserve	-	47,393	-	-	-	-	-	(47,393)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	28,538	-	(28,538)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(475)	-	(475)	-	(475)
At 30 September 2015	1,000,000	891,542	(38,674)	(2,457)	458	28,538	636	1,372,628	3,252,671	220,000	3,472,671

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	The Group		The Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	541,742	378,096	541,742	378,087
Adjustments for non-cash items	(99,059)	(41,169)	(99,059)	(41,160)
Operating profit before changes in working capital	442,683	336,927	442,683	336,927
Net changes in operating assets	(2,640,517)	(3,120,942)	(2,669,210)	(3,120,942)
Net changes in operating liabilities	8,121,213	4,319,298	8,769,362	4,319,300
Tax paid	(61,725)	(60,005)	(61,725)	(60,005)
Net cash generated from operating activities	5,861,654	1,475,278	6,481,110	1,475,280
Net cash flows used in investing activities	(996,901)	(974,331)	(996,901)	(974,331)
Net cash flows generated from/(used in) financing activities	1,192,947	(35,653)	573,490	(35,653)
Net change in cash and cash equivalents	6,057,700	465,294	6,057,699	465,296
Cash and cash equivalents at beginning of the financial period	5,644,137	5,134,659	5,644,092	5,134,612
Cash and cash equivalents at end of the financial period	11,701,837	5,599,953	11,701,791	5,599,908

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

PART A - EXPLANATORY NOTES

A. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 September 2016 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments and financial liabilities designated at fair value, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2015.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2016:

- Amendments to MFRS 11, "Joint Arrangements"
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendments 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"
 - Amendment to MFRS 134, "Interim Financial Reporting"

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

PART A - EXPLANATORY NOTES (CONTINUED)

B. 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.

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

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

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 30 September 2016.

E. EVENTS DURING THE REPORTING PERIOD

On 12 August 2016, the Bank obtained funding through securitisation of its hire purchase receivables to Ziya Capital Bhd ("Ziya"), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 "Consolidated Financial Statements", the Group has consolidated Ziya in relation to the Bank's hire purchase receivables. The RM630 million funding received by the Bank from Ziya, via issuance of Sukuk, is recognised under Other Liabilities in the Financial Statements. At the Group level, this Sukuk amounting RM630 million was consolidated.

F. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under issuance and repayment of debt equity securities that had occurred between 30 September 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
A1 Cash and short-term funds				
Cash and balances with banks and other financial institutions	439,165	822,014	439,119	821,969
Money at call and deposit placements maturing within one month	11,262,672	4,822,123	11,262,672	4,822,123
	11,701,837	5,644,137	11,701,791	5,644,092
			The Group and the Bank	
			30 September 2016 RM'000	31 December 2015 RM'000
A2 Deposits and placements with banks and other financial institutions				
Licensed banks			77,971	99,002
Other financial institutions			-	42,224
			77,971	141,226
A3 Financial assets held for trading				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Malaysian Government treasury bills			3,239	14,861
Bank Negara monetary notes			-	19,918
Islamic negotiable instruments of deposits			1,171,880	2,230,491
Islamic commercial papers			24,921	-
Government Investment Issues			136,771	123,405
			1,336,811	2,388,675
Unquoted securities				
<u>In Malaysia</u>				
Corporate Sukuk			56,884	218,039
<u>Outside Malaysia</u>				
Corporate Sukuk			82,219	85,224
			1,475,914	2,691,938
A4 Financial investments available-for-sale				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues			42,828	229,054
Islamic Cagamas bonds			20,833	23,671
Malaysian Government Sukuk			28,587	44,168
Khazanah bonds			-	20,189
Islamic commercial papers			24,921	-
			117,169	317,082
Unquoted securities				
<u>In Malaysia</u>				
Corporate Sukuk			1,369,329	1,526,399
Placement with IBFIM			575	575
<u>Outside Malaysia</u>				
Corporate Sukuk			72,015	81,992
			1,559,088	1,926,048
A5 Financial investments held-to-maturity				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues			634,807	433,885
Islamic Cagamas bonds			30,945	30,724
Khazanah bonds			12,662	12,662
			678,414	477,271
Unquoted securities				
<u>In Malaysia</u>				
Corporate Sukuk			2,496,575	1,186,380
Amortisation of premium less accretion of discount			1,970	880
			3,176,959	1,664,531

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans

(i) Financing by types and Shariah contracts

At amortised cost:

	The Group and the Bank				Total RM'000
	Bai' RM'000	Ijarah RM'000	Qard RM'000	Others RM'000	
30 September 2016					
Cash line [^]	647,561	-	3,252	-	650,813
Term financing					
- House financing	10,254,597	1,480,243	-	-	11,734,840
- Syndicated financing	2,164,554	122,836	-	-	2,287,390
- Hire purchase receivables	-	3,904,376	-	-	3,904,376
- Other term financing	21,941,440	58,693	-	-	22,000,133
Bills receivable	55,033	-	-	-	55,033
Islamic trust receipts	26,984	-	-	-	26,984
Claims on customer under Islamic accepted bills	380,802	-	-	-	380,802
Staff financing	6,303	-	-	-	6,303
Credit card receivables	-	-	-	116,266	116,266
Revolving credits	2,580,131	-	-	-	2,580,131
Share purchase financing	2,045	-	-	-	2,045
Gross financing, advances and other financing/loans	<u>38,059,450</u>	<u>5,566,148</u>	<u>3,252</u>	<u>116,266</u>	<u>43,745,116</u>
Fair value changes arising from fair value hedges					153,717
Less : Allowance for impairment losses					
- Individual impairment allowance					(54,115)
- Portfolio impairment allowance					(241,060)
Total net financing, advances and other financing/loans					<u><u>43,603,658</u></u>

31 December 2015

Cash line [^]	584,930	-	17,114	-	602,044
Term financing					
- House financing	9,634,927	1,385,143	-	-	11,020,070
- Syndicated financing	2,084,525	160,701	-	-	2,245,226
- Hire purchase receivables	-	4,306,661	-	-	4,306,661
- Other term financing	19,579,550	58,232	-	-	19,637,782
Bills receivable	3,373	-	153	-	3,526
Islamic trust receipts	26,106	-	-	-	26,106
Claims on customer under Islamic accepted bills	445,038	-	-	-	445,038
Credit card receivables	-	-	-	115,218	115,218
Revolving credits	2,168,995	-	-	-	2,168,995
Share purchase financing	4,100	-	-	-	4,100
Ar Rahnu	-	-	-	405	405
Gross financing, advances and other financing/loans	<u>34,531,544</u>	<u>5,910,737</u>	<u>17,267</u>	<u>115,623</u>	<u>40,575,171</u>
Fair value changes arising from fair value hedges					110,491
Less : Allowance for impairment losses					
- Individual impairment allowance					(46,168)
- Portfolio impairment allowance					(314,054)
Total net financing, advances and other financing/loans					<u><u>40,325,440</u></u>

[^] Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM3,575 million (2015: RM3,575 million) using Islamic profit rate swaps.

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

As at 30 September 2016, the gross exposures to RPSIA financing is RM2,832 million (31 December 2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM4.9 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 and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
As at 1 January 2016/2015	17,267	10,277
New disbursement	1,586	13,522
Repayment	(15,601)	(6,532)
As at 30 September/ 31 December	3,252	17,267
Sources of Qard fund:		
Depositors' fund	3,037	16,122
Shareholders' fund	215	1,145
	3,252	17,267
Uses of Qard fund:		
Personal use	472	337
Business purpose	2,780	16,930
	3,252	17,267

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
(ii) By geographical distribution:		
Malaysia	43,745,116	40,575,171
	43,745,116	40,575,171
(iii) By type of customer :		
Domestic banking institutions	28,587	-
Domestic non-bank financial institutions	1,568,807	1,657,505
Domestic business enterprises		
- Small medium enterprises	6,680,071	6,233,846
- Others	3,903,039	4,120,572
Government and statutory bodies	7,327,392	6,777,740
Individuals	24,028,605	21,533,091
Other domestic entities	80,846	85,076
Foreign entities	127,769	167,341
	43,745,116	40,575,171
(iv) By profit rate sensitivity :		
Fixed rate		
- House financing	127,327	142,863
- Hire purchase receivables	3,870,948	4,306,661
- Others	10,246,254	10,595,140
Variable rate		
- House financing	11,607,513	10,877,207
- Other financing	17,893,074	14,653,300
	43,745,116	40,575,171
(v) By economic purpose :		
Personal use	2,529,071	2,678,136
Credit card	116,266	115,218
Construction	1,351,110	1,509,395
Residential property	12,018,033	11,275,976
Non-residential property	3,703,577	3,808,146
Purchase of fixed assets other than land and building	154,776	190,870
Merger and acquisition	2,490	593
Purchase of securities	4,563,187	2,254,002
Purchase of transport vehicles	4,342,452	4,571,338
Working capital	10,389,233	9,714,362
Other purpose	4,574,921	4,457,135
	43,745,116	40,575,171
(vi) By residual contractual maturity :		
Within one year	4,226,960	3,673,132
One year to less than three years	5,157,400	3,662,243
Three years to less than five years	5,371,635	6,980,706
Five years and more	28,989,121	26,259,090
	43,745,116	40,575,171

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(vii) Impaired financing by economic purpose :		
Personal use	22,093	27,423
Credit card	3,611	3,463
Construction	35,409	40,150
Residential property	93,580	93,851
Non-residential property	64,488	40,038
Purchased of fixed assets other than land & building	-	379
Purchase of securities	610	988
Purchase of transport vehicles	106,385	106,316
Working capital	115,445	74,433
Other purpose	56,519	37,343
	<u>498,140</u>	<u>424,384</u>
(viii) Impaired financing by geographical distribution:		
Malaysia	498,140	424,384
	<u>498,140</u>	<u>424,384</u>
(ix) Movement in impaired financing, advances and other financing/loans :		
As at 1 January	424,384	457,861
Classified as impaired during the financial year	477,097	534,355
Reclassified as non-impaired during the period/year	(226,988)	(305,934)
Amount written back in respect of recoveries	(79,739)	(103,317)
Amount written off	(96,614)	(158,581)
As at 30 September/ 31 December	<u>498,140</u>	<u>424,384</u>
Ratio of gross impaired financing to total financing advances, and other financing/loans	<u>1.14%</u>	<u>1.05%</u>
(x) Movements in allowance for impaired financing :		
Individual impairment allowance		
As at 1 January	46,168	39,713
Net allowance made during the period/year	7,947	7,436
Amount written off	-	(981)
As at 30 September/ 31 December	<u>54,115</u>	<u>46,168</u>
Portfolio impairment allowance		
As at 1 January	314,054	346,430
Net allowance made during the period/year	23,682	125,204
Transfer from intercompany	(19)	-
Amount written off	(96,663)	(157,580)
Exchange fluctuation	6	-
As at 30 September/ 31 December	<u>241,060</u>	<u>314,054</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>1.20%</u>	<u>1.20%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
A7 Other assets				
Deposits and prepayments	3,700	4,176	3,700	4,176
Sundry debtors	195,287	100,929	223,979	100,929
Credit Support Annex for derivative transactions	276,509	52,790	276,509	52,790
Clearing accounts	9,475	11,885	9,475	11,885
	484,971	169,780	513,663	169,780

	The Group and the Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
A8 Deposits from customers		
(i) By type of deposit		
Savings deposits	2,895,682	2,584,159
Wadiah	2,895,682	2,584,159
Demand deposits	9,311,883	9,352,520
Wadiah	9,134,559	8,965,736
Qard	177,324	386,784
Term deposits	39,568,532	32,296,512
Commodity Murabahah*	39,358,956	31,296,088
Islamic negotiable instruments	38,230	742,792
Mudharabah	38,230	344,450
Hybrid (Bai Bithamin Ajil and Bai al-Dayn)	-	398,342
General investment account	15,200	77,997
Mudharabah	15,200	77,997
Specific investment account	156,146	169,209
Mudharabah	156,146	169,209
Other term deposit	-	10,426
Wadiah	-	10,426
Others - Qard	13,869	14,689
	51,789,966	44,247,880

*included Qard contract of RM440,848,000 (31 December 2015:RM159,118,000)

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 September 31 December
2016 2015
RM'000 RM'000

A8 Deposits from customers (continued)

(ii) Maturity structures of term deposits

Due within six months	25,660,566	25,842,307
Six months to less than one year	10,251,210	5,899,386
One year to less than three years	2,766,460	389,910
Three years to less than five years	748,379	885
Five years and more	141,917	164,024
	<u>39,568,532</u>	<u>32,296,512</u>

(iii) By type of customer

Government and statutory bodies	4,241,039	3,459,263
Business enterprises	16,205,885	17,357,522
Individuals	9,848,962	8,414,602
Others	21,494,080	15,016,493
	<u>51,789,966</u>	<u>44,247,880</u>

A9 Investment accounts of customers

Unrestricted investment accounts		
-without maturity		
Special Mudharabah Investment Account	256,514	232,716
	<u>256,514</u>	<u>232,716</u>

A10 Deposits and placements of banks and other financial institutions

Non-Mudharabah

Licensed Islamic banks	-	85,901
Licensed investment banks	-	173,345
Licensed banks	547,120	473,446
Bank Negara Malaysia	-	159,026
Other financial institutions	144,225	67,837
	<u>691,345</u>	<u>959,555</u>

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	686,135	772,251
Six months to less than one year	5,210	187,304
	<u>691,345</u>	<u>959,555</u>

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 September 2016 31 December 2015
RM'000 RM'000

A11 Investment accounts due to designated financial institutions

Restricted investment accounts		
Mudharabah	<u>3,949,829</u>	<u>2,900,982</u>
By type of counterparty		
Licensed banks	<u>3,949,829</u>	<u>2,900,982</u>

A12 Financial liabilities designated at fair value

Deposits from customers - structured investments	<u>43,062</u>	<u>199,063</u>
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The Group and the Bank have issued structured investments, 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 the Group and the Bank as at 30 September 2016 of financial liabilities designated at fair value were RM591,000 (31 December 2015:RM8,581,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

The Group		The Bank	
30 September 2016	31 December 2015	30 September 2016	31 December 2015
RM'000	RM'000	RM'000	RM'000

A13 Other liabilities

Accruals and other payables	90,543	168,708	119,235	168,708
Clearing accounts	248,750	234,571	248,750	234,571
Others	11,856	11,169	631,315	11,169
	<u>351,149</u>	<u>414,448</u>	<u>999,300</u>	<u>414,448</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14 Subordinated sukuk

The Group and the Bank

a) The RM600 million subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The first tranche of the Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

On 18 September 2012, the Bank had issued the third tranche of Sukuk of RM300 million at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The RM600 million Sukuk qualify as Tier-2 capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

The Bank redeemed in full, the second tranche of the Sukuk of RM250 million on its first optional redemption date of 21 April 2016.

b) The RM10 million subordinated Sukuk (“the Sukuk”) is part of the Basel III Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

On 21 September 2016, the Bank had issued RM10 million Tier-2 Junior Sukuk at par and is due on 21 September 2026, with optional redemption on 21 April 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum. Proceeds from the issuance will be used for the Bank’s working capital, general banking and other corporate purposes which are Shariah compliant.

PART A - EXPLANATORY NOTES (CONTINUED)

3rd Quarter Ended		9 Months Ended	
30 September 2016	30 September 2015	30 September 2016	30 September 2015
RM'000	RM'000	RM'000	RM'000

A15 Income derived from investment of depositors' funds and others

The Group and The Bank

Income derived from investment of :

a) General investment deposits	420,891	358,440	1,206,395	1,016,827
b) Specific investment deposits	1,533	5,264	9,944	15,964
c) Other deposits	163,873	176,688	535,886	530,774
	<u>586,297</u>	<u>540,392</u>	<u>1,752,225</u>	<u>1,563,565</u>

a) Income derived from investment of general investment deposits

Financing, advances and other financing/loans

- Profit income	329,976	296,581	943,180	835,742
- Unwinding income [^]	3,041	1,502	7,373	4,242
Financial assets held for trading	3,617	3,843	10,452	12,072
Financial investments available-for-sale	10,838	16,562	31,599	45,078
Financial investments held-to-maturity	18,937	7,505	46,464	18,316
Money at call and deposit with financial institutions	51,500	23,224	117,079	106,919
	<u>417,909</u>	<u>349,217</u>	<u>1,156,147</u>	<u>1,022,369</u>
Accretion of discount less amortisation of premium	6,308	16,192	28,699	44,111
Total finance income and hibah	<u>424,217</u>	<u>365,409</u>	<u>1,184,846</u>	<u>1,066,480</u>

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	7,376	(599)	9,034	59
- unrealised gain/(loss)	168	(977)	(323)	394
- Net gain from sale of financial investments available-for-sale	1,461	324	2,435	1,013
- Net (loss)/gain from foreign exchange transactions	(13,291)	(6,583)	8,202	(54,941)
	<u>(4,286)</u>	<u>(7,835)</u>	<u>19,348</u>	<u>(53,475)</u>
Fee and commission income	960	866	2,201	3,822
	<u>420,891</u>	<u>358,440</u>	<u>1,206,395</u>	<u>1,016,827</u>

b) Income derived from investment of specific investment deposits

Money at call and deposit with financial institutions	1,533	5,264	9,944	15,964
	<u>1,533</u>	<u>5,264</u>	<u>9,944</u>	<u>15,964</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000

A15 Income derived from investment of depositors funds and others (continued)

c) Income derived from investment of other deposits

Financing, advances and other financing/loans				
- Profit income	128,475	146,193	419,214	437,460
- Unwinding income [^]	1,184	741	3,242	2,215
Financial assets held for trading	1,408	1,895	4,636	6,336
Financial investments available-for-sale	4,220	8,165	14,049	23,445
Financial investments held-to-maturity	7,373	3,699	20,454	9,473
Money at call and deposit with financial institutions	20,052	11,447	51,259	56,038
	162,712	172,140	512,854	534,967
Accretion of discount less amortisation of premium	2,456	7,982	13,014	23,256
Total finance income and hibah	165,168	180,122	525,868	558,223
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	2,872	(295)	3,641	88
- unrealised gain/(loss)	66	(481)	(175)	198
- Net gain from sale of financial investments available-for-sale	569	160	1,024	495
- Net (loss)/gain from foreign exchange transactions	(5,176)	(3,245)	4,568	(30,153)
	(1,669)	(3,861)	9,058	(29,372)
Fee and commission income	374	427	960	1,923
	163,873	176,688	535,886	530,774

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

A16 Income derived from investment of investment account

The Group and The Bank

Financing, advances and other financing/loans				
- Profit income	43,791	29,673	130,033	94,144
- Unwinding income [^]	(14)	6	35	6
Money at call and deposit with financial institutions	5,329	4,258	11,395	4,258
	49,106	33,937	141,463	98,408

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000

A17 Income derived from investment of shareholder's funds

The Group

Financing, advances and other financing/loans				
- Profit income	32,365	30,874	99,755	86,071
- Unwinding income [^]	298	156	774	436
Financial assets held for trading	355	400	1,108	1,242
Financial investments available-for-sale	1,063	1,724	3,347	4,630
Financial investments held-to-maturity	1,858	781	4,879	1,881
Money at call and deposit with financial institutions	5,051	2,418	12,243	10,919
	<u>40,990</u>	<u>36,353</u>	<u>122,106</u>	<u>105,179</u>
Accretion of discount less amortisation of premium	618	1,685	3,087	4,564
Total finance income and hibah	<u>41,608</u>	<u>38,038</u>	<u>125,193</u>	<u>109,743</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	723	(62)	908	8
- unrealised gain/(loss)	17	(102)	(36)	32
- Net gain from sale of financial investments available-for-sale	143	33	251	100
- Net (loss)/gain from foreign exchange transactions	(1,304)	(685)	1,119	(5,722)
- Net loss arising from hedging activities	(390)	(489)	(1,154)	(2,799)
-Net gain/(loss) arising from financial liabilities designated at fair value				
- realised gain/(loss)	36	(506)	(1,188)	(1,424)
- unrealised (loss)/gain	(1,068)	9,194	(9,173)	5,656
-Net gain/(loss) arising from derivative financial instrument				
- realised gain/(loss)	5,889	(16,694)	12,333	92,476
- unrealised gain	20,190	17,683	19,228	3,302
	<u>24,236</u>	<u>8,372</u>	<u>22,288</u>	<u>91,629</u>
Fee and commission income	25,223	25,260	73,352	83,327
Less : fee and commission expense	(2,088)	(1,222)	(3,707)	(3,510)
Net fee and commission income	<u>23,135</u>	<u>24,038</u>	<u>69,645</u>	<u>79,817</u>
Other income				
- Sundry income	3,004	2,004	7,809	4,905
	<u>91,983</u>	<u>72,452</u>	<u>224,935</u>	<u>286,094</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
A17 Income derived from investment of shareholder's funds (cont'd.)				
The Bank				
Financing, advances and other financing/loans				
- Profit income	32,365	30,874	99,755	86,071
- Unwinding income [^]	298	156	774	436
Financial assets held for trading	355	400	1,108	1,242
Financial investments available-for-sale	1,063	1,724	3,347	4,630
Financial investments held-to-maturity	1,858	781	4,879	1,881
Money at call and deposit with financial institutions	5,051	2,418	12,243	10,919
	40,990	36,353	122,106	105,179
Accretion of discount less amortisation of premium	618	1,685	3,087	4,564
Total finance income and hibah	41,608	38,038	125,193	109,743
Other operating income				
- Net gain/(loss) from sale of financial investments held for trading				
- realised gain/(loss)	723	(62)	908	8
- unrealised gain/(loss)	17	(102)	(36)	32
- Net gain from sale of financial investments available-for-sale	143	33	251	100
- Net (loss)/gain from foreign exchange transactions	(1,304)	(685)	1,119	(5,722)
- Net (loss)/gain arising from hedging activities	(390)	(489)	(1,154)	(2,799)
Net gain/(loss) arising from financial liabilities designated at fair value				
- realised gain/(loss)	36	(506)	(1,188)	(1,424)
- unrealised (loss)/gain	(1,068)	9,194	(9,173)	5,656
- Net gain/(loss) arising from derivative financial instrument				
- realised gain/(loss)	5,889	(16,694)	12,333	92,476
- unrealised gain/(loss)	20,190	17,683	19,228	3,302
	24,236	8,372	22,288	91,629
Fee and commission income	25,223	25,260	73,352	83,327
Less : fee and commission expense	(2,088)	(1,222)	(3,707)	(3,510)
Net fee and commission income	23,135	24,038	69,645	79,817
Other income				
- Sundry income	3,004	2,004	7,809	4,884
	91,983	72,452	224,935	286,073

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

A18 Allowance for impairment losses on financing, advances and other financing/loans

The Group and The Bank

Individual impairment allowance				
- Made/(written-back) during the period	2,000	(1,644)	7,947	11,055
Portfolio impairment allowance				
- Made during the period	12,360	45,530	23,682	101,425
Impaired financing :				
- recovered	(11,737)	(11,014)	(36,735)	(32,396)
- written off	424	1,808	1,935	5,744
	3,047	34,680	(3,171)	85,828

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
A19 Income attributable to depositors				
The Group and The Bank				
Deposits from customers				
- Mudharabah	3,903	12,932	10,466	41,875
- Non-Mudharabah	354,973	297,387	1,015,201	902,664
- Financial liabilities designated at fair value	623	1,941	4,027	5,319
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	4,592	9,037	14,336	25,031
Subordinated Sukuk	10,705	10,352	29,308	30,739
Cagamas	14,461	-	38,464	-
	<u>389,257</u>	<u>331,649</u>	<u>1,111,802</u>	<u>1,005,628</u>
A20 Profit distributed to investment account holder				
The Group and The Bank				
-Restricted	34,462	32,106	99,765	95,797
-Unrestricted	137	71	412	71
	<u>34,599</u>	<u>32,177</u>	<u>100,177</u>	<u>95,868</u>
A21 Personnel expenses				
The Group and The Bank				
Salaries, allowances and bonuses	8,012	14,053	21,511	47,621
Pension costs (defined contribution plan)	861	907	2,799	2,690
Staff incentives and other staff payments	102	756	2,186	1,963
Medical expenses	136	441	621	869
Others	417	(48)	1,009	3,370
	<u>9,528</u>	<u>16,109</u>	<u>28,126</u>	<u>56,513</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
A22 Other overheads and expenditures				
The Group				
Establishment				
Depreciation of property, plant equipment	1,126	1,064	3,454	3,052
Rental	870	752	2,443	1,320
Repairs and maintenance	(386)	(435)	575	737
Outsourcing expenses	229	237	518	645
Security expenses	9	-	20	9
Utility expenses	19	118	65	191
Others	37	775	351	758
	1,904	2,511	7,426	6,712
Marketing				
Advertisement and publicity	2,560	695	4,649	4,760
Others	245	471	957	1,653
	2,805	1,166	5,606	6,413
General expenses				
Consultancy and professional fees	995	118	1,141	307
Legal expenses	5	20	132	215
Stationery	91	217	480	554
Amortisation of intangible assets	2,689	2,518	8,278	7,580
Postages	809	747	3,390	2,133
Donation	1,018	1,756	3,086	3,795
Incidental expenses on banking operations	1,306	936	4,076	1,177
Takaful	1,827	1,827	5,973	5,973
Others	1,509	864	5,439	4,834
	10,249	9,003	31,995	26,568
Total other overheads and expenditures	14,958	12,680	45,027	39,693
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	102,003	98,688	294,782	286,419
	116,961	111,368	339,809	326,112

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000

A22 Other overheads and expenditures (continued)

The Bank

Establishment

Depreciation of property, plant equipment	1,126	1,064	3,454	3,052
Rental	870	752	2,443	1,320
Repairs and maintenance	(386)	(435)	575	737
Outsourcing expenses	229	237	518	645
Security expenses	9	-	20	9
Utility expenses	19	118	65	191
Others	37	775	351	758
	1,904	2,511	7,426	6,712

Marketing

Advertisement and publicity	2,560	695	4,649	4,760
Others	245	471	957	1,653
	2,805	1,166	5,606	6,413

General expenses

Consultancy and professional fees	995	118	1,141	307
Legal expenses	5	20	132	215
Stationery	91	217	480	554
Amortisation of intangible assets	2,689	2,518	8,278	7,580
Postages	809	747	3,390	2,133
Donation	1,018	1,756	3,086	3,795
Incidental expenses on banking operations	1,306	936	4,076	1,177
Takaful	1,827	1,827	5,973	5,973
Others	1,509	864	5,439	4,813
	10,249	9,003	31,995	26,547
Total other overheads and expenditures	14,958	12,680	45,027	39,672

Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank

	102,003	98,688	294,782	286,419
	116,961	111,368	339,809	326,091

PART A - EXPLANATORY NOTES (CONTINUED)

A23 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

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

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

The Group and the Bank	30 September 2016			31 December 2015		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	6,041,614	137,286	(156,200)	2,312,595	171,455	(97,623)
- Less than one year	5,238,314	45,028	(72,628)	1,653,599	73,423	(8,541)
- One year to three years	71,217	890	(740)	3,690	504	(436)
- More than three years	732,083	91,368	(82,832)	655,306	97,528	(88,646)
Currency swaps	10,808,751	105,754	(63,665)	4,750,561	86,890	(143,226)
- Less than one year	10,808,746	105,754	(63,664)	4,725,222	83,595	(139,931)
- More than three years	5	-	(1)	25,339	3,295	(3,295)
Currency spots	67,457	166	(5)	6,938	2	(3)
- Less than one year	67,457	166	(5)	6,938	2	(3)
Currency options	285,263	1,867	(1,828)	12,206	19	(19)
- Less than one year	285,263	1,867	(1,828)	12,206	19	(19)
Cross currency profit rate swaps	2,880,574	178,581	(173,941)	1,510,651	169,734	(165,935)
- Less than one year	769,559	10,767	(10,733)	-	-	-
- One year to three years	380,845	20,298	(19,779)	-	-	-
- More than three years	1,730,170	147,516	(143,429)	1,510,651	169,734	(165,935)
	20,083,659	423,654	(395,639)	8,592,951	428,100	(406,806)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	14,553,134	38,593	(28,652)	8,473,524	41,342	(44,108)
- Less than one year	2,401,542	2,323	(2,198)	460,000	215	(192)
- One year to three years	4,733,733	9,064	(7,594)	5,386,121	20,631	(22,804)
- More than three years	7,417,859	27,206	(18,860)	2,627,403	20,496	(21,112)
<u>Equity related derivatives</u>						
Equity options	449,690	4,160	(4,160)	462,541	6,011	(6,011)
- Less than one year	88,202	1,109	(1,109)	-	-	-
- One year to three years	38,776	1,251	(1,251)	92,700	2,971	(2,971)
- More than three years	322,712	1,800	(1,800)	369,841	3,040	(3,040)
<u>Credit related contracts</u>						
Total return swaps	81,150	1,357	(1,357)	104,520	603	(603)
- More than three years	81,150	1,357	(1,357)	104,520	603	(603)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	3,894,122	-	(196,510)	4,144,812	222	(128,533)
- Less than one year	300,000	-	(491)	250,000	222	-
- One year to three years	1,675,000	-	(80,377)	600,000	-	(5,021)
- More than three years	1,919,122	-	(115,642)	3,294,812	-	(123,512)
Total derivative assets/(liabilities)	39,061,755	467,764	(626,318)	21,778,348	476,278	(586,061)

PART A - EXPLANATORY NOTES (CONTINUED)

A23 Islamic derivative financial instruments, commitments and contingencies (continued)

(i) Islamic derivative financial instruments (continued)

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

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as profit 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 profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM468 million respectively (31 December 2015: RM476 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2016, the Group has posted cash collateral of RM277 million (31 December 2015: RM53 million) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2015.

PART A - EXPLANATORY NOTES (CONTINUED)

A23 Islamic derivative financial instruments, commitments and contingencies (continued)

(ii) Commitments and contingencies

	30 September 2016 Principal amount	31 December 2015 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	188,160	173,278
Certain transaction-related contingent items	517,810	522,411
Short-term self-liquidating trade-related contingencies	157,205	148,476
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	4,639,280	4,069,440
- maturity exceeding one year	3,554,480	2,463,321
Miscellaneous commitments and contingencies	62,705	150,640
Total credit-related commitments and contingencies	9,119,640	7,527,566
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	17,169,338	6,397,964
- one year to five years	1,889,487	929,753
- more than five years	1,024,834	1,265,234
Profit rate related contracts :		
- less than one year	2,701,542	710,000
- one year to five years	15,035,214	11,558,816
- more than five years	710,499	349,520
Equity related contracts :		
- less than one year	88,202	-
- one year to five years	77,553	134,139
- more than five years	283,936	328,402
Credit related contracts:		
- more than five years	81,150	104,520
Total treasury-related commitments and contingencies	39,061,755	21,778,348
	48,181,395	29,305,914

PART A - EXPLANATORY NOTES (CONTINUED)

A24 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 risk-weighted assets of the Group 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.

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

	The Group		The Bank	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Common equity tier 1 ratio	13.241%	12.718%	13.241%	12.718%
Tier 1 ratio	14.022%	13.558%	14.022%	13.557%
Total capital ratio	16.402%	16.273%	16.402%	16.273%

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

	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM’000	RM’000	RM’000	RM’000
Credit risk	21,765,755	21,088,246	21,765,870	21,088,362
Market risk	645,793	532,642	645,793	532,642
Operational risk	2,169,008	2,080,787	2,168,944	2,080,723
Total risk-weighted assets	24,580,556	23,701,675	24,580,607	23,701,727

(c) Components of Common Equity Tier I, Additional Tier I and Tier II capital are as follows:

	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM’000	RM’000	RM’000	RM’000
Common Equity Tier I capital				
Ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
Other reserves	2,714,286	2,386,118	2,714,251	2,386,083
Common Equity Tier I capital before regulatory adjustments	3,714,286	3,386,118	3,714,251	3,386,083
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(75,000)	(82,210)	(75,000)	(82,210)
Deferred tax assets	(16,337)	(31,184)	(16,337)	(31,184)
Others	(232,214)	(122,352)	(232,215)	(122,352)
Common Equity Tier I capital after regulatory adjustments	3,254,735	3,014,372	3,254,699	3,014,337
Additional Tier I capital				
Perpetual preference shares	192,000	199,000	192,000	199,000
Additional Tier I capital before regulatory adjustments	192,000	199,000	192,000	199,000
<u>Less: Regulatory adjustments</u>				
Investment in capital instruments of unconsolidated financial and takaful entities	-	-	-	-
Additional Tier I capital after regulatory adjustments	192,000	199,000	192,000	199,000
Total Tier I capital	3,446,735	3,213,372	3,446,699	3,213,337
Tier II capital				
Subordinated notes	520,000	595,000	520,000	595,000
Portfolio impairment allowance and regulatory reserves ^	64,936	48,697	64,938	48,698
Total Tier II capital	584,936	643,697	584,938	643,698
Total capital	4,031,671	3,857,069	4,031,637	3,857,035

^ The capital base of the Group and the Bank as at 30 September 2016 have excluded portfolio impairment allowance on impaired financings restricted from Tier II capital of RM18.3million (31 December 2015: RM21.8 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A25 Segmental reporting

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 Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, share purchase financing, credit cards, 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 Islamic 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 financings, 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)

A25 Segmental reporting (continued)

The Group 30 September 2016	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and others RM'000	Total RM'000
Net income:						
- external	770,177	155,534	(226,047)	75,670	-	775,334
- inter-segment	(304,912)	(57,694)	350,040	12,566	-	-
	465,265	97,840	123,993	88,236	-	775,334
Other income	85,272	12,024	30,606	3,084	324	131,310
Operating income	550,537	109,864	154,599	91,320	324	906,644
Overhead expenses	(261,295)	(37,293)	(54,957)	(909)	(13,481)	(367,935)
Consist of :						
Depreciation of property,	(3,050)	-	(353)	(51)	-	(3,454)
Amortisation of intangible	(6,094)	-	(2,184)	-	-	(8,278)
Profit/(loss) before allowances	289,242	72,571	99,642	90,411	(13,157)	538,709
Allowances for impairment losses on financing, advances and other financing/loans (made)/written-back	(7,562)	2,916	7,817	-	-	3,171
Allowances for impairment losses on other receivables (made)/written-back	-	-	1	-	(139)	(138)
Segment results	281,680	75,487	107,460	90,411	(13,296)	541,742
Taxation						(137,122)
Net profit for the financial year						404,620

The Group 30 September 2015	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and others RM'000	Total RM'000
Net income:						
- external	731,246	126,769	(182,163)	71,469	-	747,321
- inter-segment	(264,726)	(42,611)	296,782	10,555	-	-
	466,520	84,158	114,619	82,024	-	747,321
Other income	72,866	7,599	27,896	(9,111)	-	99,250
Operating income	539,386	91,757	142,515	72,913	-	846,571
Overhead expenses	(287,695)	(40,443)	(42,562)	(5,398)	(6,527)	(382,625)
Consist of :						
Depreciation of property,	(2,823)	-	(105)	(124)	-	(3,052)
Amortisation of intangible	(7,486)	-	(94)	-	-	(7,580)
Profit/(loss) before allowances	251,691	51,314	99,953	67,515	(6,527)	463,946
Allowances for impairment losses on financing, advances and other financing/loans (made)/written-back	(83,043)	5,260	(8,045)	-	-	(85,828)
Allowances for impairment losses on other receivables made	-	-	-	-	(22)	(22)
Segment results	168,648	56,574	91,908	67,515	(6,549)	378,096
Taxation						(95,418)
Net profit for the financial year						282,678

PART A - EXPLANATORY NOTES (CONTINUED)

A25 Segmental reporting (continued)

The Group 30 September 2016	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	25,014,711	4,986,611	30,825,249	2,705,748	63,532,319
Unallocated assets					893,929
Total assets					64,426,248
Segment liabilities	14,676,668	2,693,458	41,988,797	582,432	59,941,355
Unallocated liabilities					454,256
Total liabilities					60,395,611
Other segment items					
Capital expenditure	1,262	-	241	14	1,517
The Group 31 December 2015	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	22,475,239	4,826,615	24,195,343	2,807,853	54,305,050
Unallocated assets					254,131
Total assets					54,559,181
Segment liabilities	13,245,560	2,819,463	33,558,419	862,166	50,485,608
Unallocated liabilities					467,455
Total liabilities					50,953,063
Other segment items					
Capital expenditure	6,683	-	202	2,010	8,895

PART A - EXPLANATORY NOTES (CONTINUED)

A26 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)

A26 Fair Value Estimation (continued)

- (i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2016 and 31 December 2015.

The Group and the Bank	Fair Value 30 September 2016				Fair Value 31 December 2015			
	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>								
Financial assets held for trading								
-Money market instruments	1,336,811	1,336,811	-	1,336,811	2,388,675	2,388,675	-	2,388,675
-Unquoted securities	139,103	139,103	-	139,103	303,263	303,263	-	303,263
Financial investments available-for-sale								
-Money market instruments	117,169	117,169	-	117,169	317,082	317,082	-	317,082
-Unquoted securities	1,441,919	1,441,344	575 ^	1,441,919	1,608,966	1,608,391	575 ^	1,608,966
Derivative financial instruments								
-Trading derivatives	467,764	467,764	-	467,764	476,056	476,056	-	476,056
-Hedging derivatives	-	-	-	-	222	222	-	222
Total	3,502,766	3,502,191	575	3,502,766	5,094,264	5,093,689	575	5,094,264
<u>Financial liabilities</u>								
Derivative financial instruments								
-Trading derivatives	429,808	429,808	-	429,808	457,528	457,528	-	457,528
-Hedging derivatives	196,510	196,510	-	196,510	128,533	128,533	-	128,533
Financial liabilities designated at fair value	43,062	43,062	-	43,062	199,063	199,063	-	199,063
Total	669,380	669,380	-	669,380	785,124	785,124	-	785,124

^ Placement with Islamic Banking and Finance Institute Malaysia (IBFIM)

PART A - EXPLANATORY NOTES (CONTINUED)

A27 Change in accounting policies

There is no change in the accounting policy during the financial period.

PART B

B1 Group performance review

The Group recorded a higher pre-tax profit of 43.3% or RM163.6 million from RM378.1 million to RM541.7 million for the nine months ended 30 September 2016. The increase was mainly due to higher income derived from investment of depositors' funds and others by RM188.7 million and lower allowances made for impairment losses on financing, advances and other financing/loans by RM89.0 million compared to the same period last year. This was offset by higher income attributable to depositors by RM106.2 million.

B2 Prospects for the current financial year

CIMB Islamic continues to maintain a cautious view on the business outlook given the industry challenges and macroeconomic headwinds. Management will keep its focus on asset quality and cost & capital management. CIMB Islamic expects to track the industry growth with continued close monitoring of asset quality.

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 by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	126,398	93,098	404,620	282,678
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	12.64	9.31	40.46	28.27

	The Bank			
	3rd Quarter Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	126,398	93,098	404,620	282,669
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	12.64	9.31	40.46	28.27

b) Diluted EPS

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