ASEAN CATALYST

CIMB

Financial Statements **2015**

PG 17

OUR PERFORMANCE
Achieved record annual operating income in 2015 to RM15.4 billion.

PG 8

COST CONTROL
Operating expenses grew 3% year-on-year ex-restructuring cost, but was 0.5% lower year-on-year excluding FX fluctuations.

PG 8

COST TO INCOME RATIO
Core cost to income ratio improved from 59.1% in 2014 to 55.6% in 2015.

Cover Rationale

ASEAN Catalyst embodies the potential of this vibrant region of 650 million people, and our ability to ignite its growth.

"ASEAN is energetic, youthful and aspirational and it is a privilege to serve our home **as a trusted and innovative provider of financial solutions.**"

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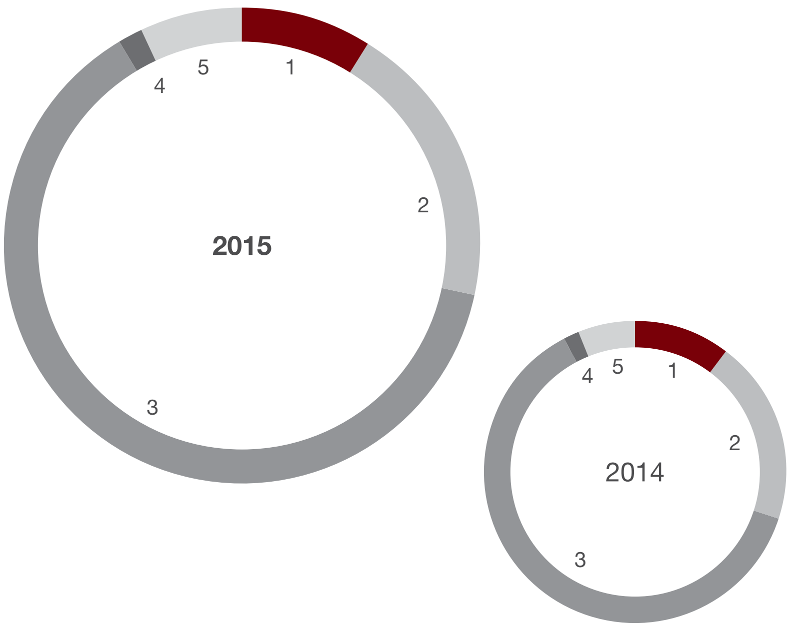
FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 December				
Key Highlights	**2015 RM'000**	**2014 RM'000**	**2013 RM'000**	**2012* RM'000**	**2011** RM'000**
Consolidated Statement of Income					
Operating income	15,395,790	14,145,924	14,671,835	13,494,825	12,122,029
Overheads	9,248,978	8,291,963	8,457,870	7,612,099	6,629,912
Profit before allowances	6,146,812	5,853,961	6,213,965	5,882,726	5,492,117
Allowance for impairment losses on loans, advances and financing	2,168,624	1,522,068	660,607	329,098	487,343
Profit before taxation^	3,913,993	4,276,423	5,849,229	5,677,893	5,203,142
Net profit	2,849,509	3,106,808	4,540,403	4,344,776	4,030,798
Consolidated Statement of Financial Position					
Gross loans, advances and financing	297,822,144	264,644,089	234,557,542	208,343,039	191,393,201
Total assets	461,577,143	414,156,356	370,912,797	336,461,160	299,737,840
Deposits from customers^^	320,509,026	284,714,019	265,408,979	247,295,039	221,933,142
Total liabilities	419,344,515	375,765,233	339,684,237	307,194,841	272,874,680
Shareholders' funds	41,050,778	37,360,436	30,271,098	28,292,994	25,936,470
Commitments and contingencies	883,583,439	702,740,799	526,572,598	460,550,153	414,197,407
Financial Ratios (%)					
Common equity tier 1 ratio (CIMB Bank)#	11.5	11.2	9.6	n/a	n/a
Tier 1 ratio (CIMB Bank)#	12.7	12.6	11.6	n/a	n/a
Total capital ratio (CIMB Bank)#	15.8	14.7	12.9	n/a	n/a
Core capital ratio (CIMB Bank)#	n/a	n/a	n/a	12.4	14.5
Risk-weighted capital ratio (CIMB Bank)#	n/a	n/a	n/a	15.5	16.8
Return on average equity	7.3	9.2	15.5	16.0	16.4
Return on average total assets	0.65	0.79	1.28	1.37	1.42
Net interest margin	2.66	2.80	2.85	3.07	3.12
Cost-to-income ratio	60.1	58.6	57.6	56.4	54.7
Gross impaired loans to gross loans	3.0	3.1	3.2	3.8	5.1
Allowance coverage ratio	84.7	82.7	84.8	82.8	81.1
Loan loss charge	0.73	0.58	0.28	0.16	0.25
Loan deposit ratio	92.9	93.0	88.4	84.2	86.2
Net tangible assets per share (RM)	3.63	3.28	2.67	2.47	2.15
Book value per share (RM)	4.81	4.44	3.92	3.81	3.49
CASA ratio	34.1	34.7	34.3	34.7	34.2
Other Information					
Earnings per share (sen)					
- basic	33.6	37.5	60.0	58.5	54.2
Gross dividend per share (sen)	14.00	15.00	23.15^^^	23.38	22.00
Dividend payout ratio (%)	42	40	40	40	41
Number of shares in issue ('000)	8,527,272	8,423,751	7,729,346	7,432,775	7,432,775
Weighted average number of shares in issue ('000)	8,475,522	8,288,256	7,570,924	7,432,772	7,432,772
Non Financial Highlights					
Share price at year-end (RM)	4.54	5.56	7.62	7.63	7.44
Number of employees	40,545	41,669	40,804	41,993	40,244

For financial years 2013 to 2015, CIMB Bank's capital adequacy ratios are based on revised guideline on capital adequacy framework issued by BNM on 28 November 2012, which took effect beginning 1 January 2013. The revised guideline is in compliance with BASEL III. The capital adequacy ratios for financial years 2011 to 2012 were based on capital adequacy framework which was in compliance with Basel II.

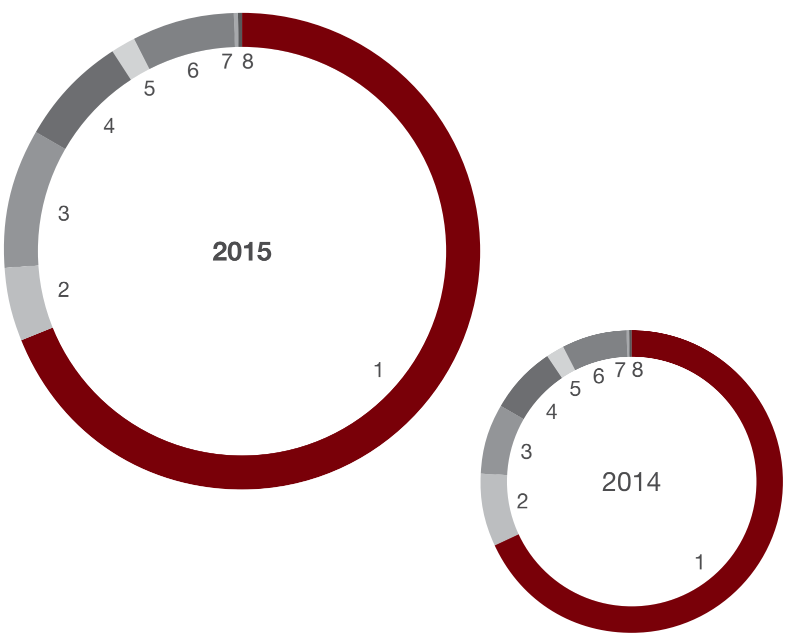
* The comparatives have been restated to reflect the adoption of MFRS 10, MFRS 11 and MFRS 119
** The comparatives are before adoption of MFRS 1
^ Profit before taxation is inclusive of discontinuing operations
^^ Include structured investments classified as "Financial liabilities designated as fair value" and placements from investment accounts
^^^ Based on the enlarged 8,229,341,531 ordinary shares, arising from the issuance of 500 million new ordinary shares pursuant to the private placement exercise completed in January 2014
\# The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial years ended 31 December 2012 to 31 December 2015

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



2015	2014	
8.9%	10.3%	1/ Cash and balances with banks and reverse repurchase agreements
19.7%	19.7%	2/ Portfolio of financial investments
62.8%	62.3%	3/ Loans, advances and financing
1.7%	1.7%	4/ Statutory deposits with central banks
6.9%	6.0%	5/ Other assets (including intangible assets)

Assets



2015	2014	
68.9%	68.1%	1/ Deposits from customers
5.1%	7.8%	2/ Deposits from banks
9.5%	7.7%	3/ Bills and acceptances payable and other liabilities
7.4%	7.1%	4/ Debt securities issued and other borrowed funds
1.8%	2.0%	5/ Share capital
7.0%	7.0%	6/ Reserves
0.1%	0.1%	7/ Preference shares
0.2%	0.2%	8/ Non-controlling interests

Liabilities & Equity

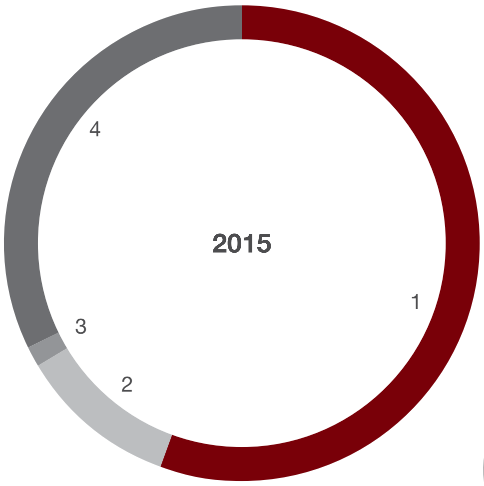
KEY INTEREST BEARING ASSETS AND LIABILITIES

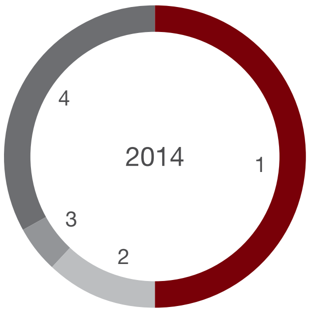
	FYE 31 Dec 2015		
	As at 31 Dec RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	31,148	1.98	757
Financial assets held for trading	20,680	2.69	612
Financial investments available-for-sale	32,768	4.03	1,458
Financial investments held-to-maturity	25,759	4.05	845
Loans, advances and financing	290,296	6.32	17,116
Interest bearing liabilities:			
Total deposits*	346,301	2.03	8,641
Bonds, debentures and other borrowings	20,314	3.64	682
Subordinated obligations	13,695	5.47	695

	FYE 31 Dec 2014		
	As at 31 Dec RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	37,702	1.89	734
Financial assets held for trading	23,804	2.78	704
Financial investments available-for-sale	32,287	4.02	1,231
Financial investments held-to-maturity	18,262	4.58	679
Loans, advances and financing	258,015	6.39	15,037
Interest bearing liabilities:			
Total deposits*	317,909	1.91	7,252
Bonds, debentures and other borrowings	16,957	3.67	567
Subordinated obligations	12,582	5.26	650

* Total deposits include deposits from customers, placements from investment accounts, deposits and placements of banks and other financial institutions and financial liabilities designated at fair value.

VALUE ADDED STATEMENTS





2015	2014		
55.5%	50.0%	1/	**To Employees:** Personnel costs
10.6%	12.0%	2/	**To the Government:** Taxation
2.0%	5.0%	3/	**To Providers of Capital:** Cash dividends paid to shareholders Non-controlling interest
31.9%	33.0%	4/	**To reinvest to the Group:** Dividend reinvestment scheme Depreciation Retained profit

	2015 RM'000	2014 RM'000
Value added		
Net interest income	9,336,744	8,655,548
Income from Islamic banking operations	1,569,017	1,461,278
Non-interest income	4,490,029	4,029,098
Overheads excluding personnel costs and depreciation	(3,573,006)	(3,360,284)
Allowance for impairment losses on loans, advances and financing	(2,168,624)	(1,522,068)
Other allowances	(149,829)	(178,823)
Share of results of jointly controlled entities	(9,863)	(1,942)
Share of results of associated entities	95,497	125,295
Value added available for distribution	9,589,965	9,208,102
Distribution of Value Added		
To employees:		
Personnel costs	5,321,958	4,609,571
To the Government:		
Taxation	1,018,048	1,101,866
To providers of capital:		
Cash dividends paid to shareholders	141,086	390,327
Non-controlling interest	46,436	67,749
To reinvest to the Group:		
Dividend reinvestment scheme	534,795	1,293,416
Depreciation	354,014	322,108
Retained profit	2,173,628	1,423,065
Value added available for distribution	9,589,965	9,208,102

QUARTERLY FINANCIAL PERFORMANCE

	2015			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Operating income	3,680,327	3,833,427	3,840,473	4,041,563
Net interest income	2,190,953	2,268,700	2,416,069	2,461,022
Net non-interest income and income from Islamic banking operation	1,489,374	1,564,727	1,424,404	1,580,541
Overheads	(2,339,754)	(2,437,349)	(2,260,509)	(2,211,366)
Profit before taxation	823,580	883,744	1,074,508	1,132,161
Net profit attributable to equity holders of the Company	580,124	639,754	803,892	825,739
Earning per share (sen)	6.89	7.55	9.52	9.72
Dividend per share (sen)	-	3.00	-	11.00

	2014			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Operating income	3,538,053	3,407,174	3,528,596	3,672,101
Net interest income	2,066,765	2,175,463	2,171,051	2,242,269
Net non-interest income and income from Islamic banking operation	1,471,288	1,231,711	1,357,545	1,429,832
Overheads	(2,010,943)	(2,007,882)	(2,033,896)	(2,239,242)
Profit before taxation	1,431,069	1,281,153	1,179,263	384,938
Net profit attributable to equity holders of the Company	1,066,282	949,938	890,270	200,318
Earning per share (sen)	13.15	11.36	10.68	2.38
Dividend per share (sen)	-	10.00	-	5.00

ANALYSIS OF FINANCIAL STATEMENTS

ANALYSIS OF STATEMENT OF INCOME

	2015	2014	Growth
	RM million	RM million	
Net interest income^	10,695	9,962	(7.4%)
Non interest income^	4,700	4,184	(12.3%)
Operating income	**15,395**	**14,146**	(8.8%)
Overheads expenses	(9,249)	(8,292)	(11.5)
Pre-provision operating profit	**6,146**	**5,854**	(5.0%)
Loan provisions	(2,168)	(1,522)	(42.4%)
Other provisions	(150)	(179)	16.2%
Share of JV/Associates	86	123	30.1%
PBT	**3,914**	**4,276**	8.5%
Net profit	**2,850**	**3,107**	8.3%
EPS (sen)	**33.6**	**37.5**	10.4%

^ inclusive of income from Islamic banking operations

Net interest income

The Group's Net interest income (NII) was 7.4% higher Y-o-Y at RM10.695 billion in FY15 from RM9.962 billion in FY14. The improvement was due to a 12.8% Y-o-Y expansion in gross loans (excluding the bad bank) (or 6.6% excluding foreign exchange fluctuations) partially offset by a 14bps contraction in NIMs. The growth in loans was evident across all operating jurisdictions but underpinned by a 9.1% increase in Malaysia. From a segmental perspective, consumer and wholesale banking loans expanded by 13.6% and 13.7% respectively during the year.

Net non-interest income

Total net non-interest income grew by RM516 million (or 12.3% Y-o-Y) to RM4.700 billion compared to RM4.184 billion in FY14. An improvement in capital markets and the Group's push towards fee based income resulted in a growth in non-interest income from the consumer, commercial and corporate banking segments as well as within Treasury & Markets and Investment Banking. The Y-o-Y growth takes into consideration one-off gains from asset sales in FY14.

Overheads

The Group's total overhead expenses grew RM957 million or 11.5% Y-o-Y to RM9.249 billion, from RM8.292 billion in FY14. This increase was attributed to one-off restructuring and reorganisation expenses arising from the rationalisation of the Investment Banking platform and Mutual Separation Scheme undertaken in Malaysia and Indonesia in FY15. Excluding these exceptional expenses, the Group operating expenses was 3.3% higher Y-o-Y and was 0.5% lower Y-o-Y after excluding foreign exchange fluctuations, on the back of improved cost discipline. The Group's Business As Usual (BAU) cost to income ratio was lower at 55.6% compared to 59.1% in FY14.

Allowance for impairment losses

Total net impairment allowances for losses on loans, advances and financing of RM2.168 billion in FY15 was 42.4% higher than the RM1.522 billion in FY14. The increase was largely attributed to the higher amount of corporate and commercial loan provisions in Indonesia and Thailand during the year, as well as lower bad bank loan recoveries during the year. For FY15, the Group's total credit charge was 0.73% with a gross impairment ratio of 3.0% and an allowance coverage of 84.7% for FY15.

Net profit

For the 12-month period in 2015, the Group recorded a net profit of RM2.850 billion, representing an 8.3% Y-o-Y contraction. The reduction in net profit was predominantly due to the increased loan loss provisions and impairments, as well as the higher operating expenses which were driven by one-off restructuring costs. The Group's reported net EPS came in at 33.6 sen compared to 37.5 sen in FY14.

SIGNIFICANT MOVEMENT IN STATEMENTS OF FINANCIAL POSITION

	2015 RM million	2014 RM million	Growth
Assets			
Cash and short-term funds	29,319	33,463	(12.4%)
Deposits and placements with banks and other financial institutions	1,829	4,239	(56.8%)
Financial investment portfolio	79,207	74,352	6.5%
Loans, advances and financing	290,296	258,015	12.5%
Other assets (including intangible assets)	60,926	44,088	38.2%
Total assets	461,577	414,156	11.4%
Liabilities			
Deposits from customers	317,424	282,069	12.5%
Deposits and placements of banks and other financial institutions	23,925	32,150	(25.6%)
Other borrowings	9,037	9,291	(2.7%)
Bonds and debentures	11,277	7,666	47.1%
Subordinated obligations	13,695	12,582	8.8%
Other liabilities	43,987	32,007	37.4%
Total liabilities	419,345	375,765	11.6%

(A) Total assets

As at 31 December 2015, CIMB Group's total assets rose RM47.4 billion or 11.4% higher at RM461.6 billion. The increase was predominantly attributed to a RM32.3 billion or 12.5% growth in loans, advances and financing as well as a 38.2% or RM16.8 billion growth in other assets. This was partially offset by a 12.4% reduction in cash and short-term funds.

(B) Total Loans, Advances and Financing

The Group's loans, advances and financing stood at RM290.3 billion as at end 31 December 2015, expanding by RM32.3 billion or 12.5% Y-o-Y. This was underpinned by a 6.4% growth in Malaysian loans and 8.8% Y-o-Y increase in loans from Singapore. Loans from Indonesia were 2.2% higher in Rupiah terms, while the Thailand loans reduced by 7.4% Y-o-Y. The Group's gross impaired loans ratio improved to 3.0% as at end-2015 compared to 3.1% as at a year previously. Retail loans increased 13.6% while wholesale and commercial banking loans grew 13.7% and 7.8% respectively.

(C) Other assets (including intangible assets)

The total amount of other assets rose 38.2% Y-o-Y or RM16.8 billion to RM60.9 billion as at end December 2015 compared to RM44.1 billion in 2014. The increase was from a combination of increases in reverse purchase agreements, derivative financial instruments, structured financing products and collateral pledged for derivative transactions.

(D) Total Liabilities

As at 31 December 2015, the Group's total liabilities grew by RM43.6 billion or 11.6% Y-o-Y at RM419.3 billion, with the increase largely attributed to the RM35.4 billion or 12.5% growth in deposit from customers and a RM12.0 billion increase in other liabilities, partially offset by a RM8.2 billion decrease in deposits and placements of banks and other institutions. Bonds and debentures were RM3.6 billion or 47.1% higher Y-o-Y at RM11.3 billion. The Group adopted a more cautious asset liability management towards a more stable funding structure by lowering higher-cost shorter-term deposit products and increasing longer-term sources of funding.

(E) Total Deposits from Customers

Total Group deposits from customers was RM317.4 billion as at end 31 December 2015, representing a 12.5% Y-o-Y growth or an increase of RM35.4 billion. The expansion was driven by a 13.4% and 16.4% expansion in retail and commercial banking deposits respectively. Wholesale deposits were 10.6% higher Y-o-Y. Geographically, deposit growth (in local currency terms) was strongest in Singapore at 8.8%, while Indonesia deposits expanded by 2.2%. In Malaysia, total customer deposits grew 6.4% Y-o-Y, but customer deposits in Thailand were 7.4% lower Y-o-Y. The Group's CASA ratio stood at 34.1% from 34.7% last year while overall Group net interest margin was lower at 2.66% from 2.80% in FY14.

(F) Other liabilities

The total amount of other liabilities rose 37.4% Y-o-Y or RM12.0 billion to RM44.0 billion as at end December 2015 compared to RM32.0 billion in 2014. The increase was from a combination of increases in repurchase agreements, derivative financial instruments as well as a recourse obligation on loans and financing sold to Cagamas.

CAPITAL MANAGEMENT

OVERVIEW

Capital management at CIMB Group remains focused on maintaining a healthy capital position through building an efficient capital structure. The capital position and structure of the Group are designed to meet the requirements of the Group's shareholders, customers, regulators and external rating agencies. Guided by CIMB Group's Capital Management Framework, the objectives of capital management are as follows:

(A) To maintain a strong and efficient capital base for the Group and its entities to:

(1) always meet regulatory capital requirements;
(2) realise returns to shareholders through sustainable return on equity and stable dividend payout; and
(3) be able to withstand stressed economic and market conditions.

(B) To sustain adequate levels of capital which has been efficiently allocated across the business units and subsidiaries to:

(1) support the organic growth of the Group's business units and subsidiaries;
(2) optimise the return on capital for the Group; and
(3) take advantage of strategic acquisitions and new businesses when opportunities arise.

(C) To maintain capital at optimal levels to meet the requirements of other stakeholders of the Group, including rating agencies and customers.

The Group's regulated banking entities have always maintained a set of internal capital targets which provide a strong buffer above the minimum regulatory requirements. The table below shows the relevant capital ratios of each of the regulated banking entities of the Group in comparison to the minimum level required by the respective central banks under the Basel III framework.

Capital Ratios (After Proposed Dividend)	Common Equity Tier 1		Tier 1		Total Capital	
	As at 31 December 2015	Minimum Regulatory Ratio	As at 31 December 2015	Minimum Regulatory Ratio	As at 31 December 2015	Minimum Regulatory Ratio
CIMB Bank	11.50%	4.50%	12.68%	6.00%	15.82%	8.00%
CIMB Islamic	12.72%	4.50%	13.56%	6.00%	16.27%	8.00%
CIMB Investment Bank	31.56%	4.50%	31.56%	6.00%	31.56%	8.00%
CIMB Niaga	N/A	N/A	14.14%	6.00%	16.13%	8.00%
CIMB Thai	10.78%	4.50%	10.78%	6.00%	15.46%	8.50%

KEY INITIATIVES

Our goal is to continuously build capital towards full implementation of Basel III requirements, whilst optimising its use fully. Tools that are employed to achieve this include (1) active liability management to address debt that requires replacement with the enforced Basel III guidelines (2) issuance of Basel III instruments (3) dividend reinvestment scheme (DRS) (4) risk-weighted assets (RWA) optimisation and (5) analysis of the Group-wide impact of stress scenarios with different levels of severity.

Key capital management initiatives that were undertaken during the 2015 financial year include:

(1) The DRS was continued with a reinvestment rate averaging 76.8%, reflecting investor confidence in the Group and generating an additional RM535 million of capital.

(2) CIMB Group issued RM2.0 billion Basel III subordinated debt on 23 December 2015 to replace CIMB Bank's RM1.0 billion callable Basel II subordinated debt and USD200 million Additional Tier 1 capital that are partially recognised under BNM's Capital Adequacy Framework.

The Group achieved significant savings in credit and market RWA through optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and parameter and methodology recalibrations. In 2015, the Group made further advancements in implementing the Internal Ratings Based Approach by product to account for its RWA, which better reflects the risk profile of the Group.

FINANCIAL CALENDAR 2015

27 FEBRUARY 2015 FRIDAY

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2014

20 MARCH 2015 FRIDAY

Notice of book closure for single tier interim dividend of 5.00 sen per share for the financial year ended 31 December 2014

26 MARCH 2015 THURSDAY

Notice of 58th Annual General Meeting

27 MARCH 2015 FRIDAY

Issuance of Annual Report for the financial year ended 31 December 2014

31 MARCH 2015 TUESDAY

Date of entitlement for the single tier interim dividend of 5.00 sen per share for the financial year ended 31 December 2014

03 APRIL 2015 FRIDAY

Notice of election in relation to the dividend reinvestment scheme. Scheme provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of RM1.00 each

28 APRIL 2015 TUESDAY

58th Annual General Meeting

28 APRIL 2015 TUESDAY

Payment of the single tier interim dividend of 5.00 sen per share for the financial year ended 31 December 2014

28 APRIL 2015 TUESDAY

Additional listing of 66,040,583 new ordinary shares of RM1.00 each, via the Dividend Reinvestment Scheme

20 MAY 2015 WEDNESDAY

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2015

28 AUGUST 2015 FRIDAY

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2015

11 SEPTEMBER 2015 FRIDAY

Notice of book closure for the single tier interim dividend of 3.00 sen per share for the financial year ended 31 December 2015

23 SEPTEMBER 2015 WEDNESDAY

Date of entitlement for the single tier interim dividend of 3.00 sen per share for the financial year ended 31 December 2015

28 SEPTEMBER 2015 MONDAY

Notice of election in relation to the dividend reinvestment scheme. Scheme provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of RM1.00 each

23 OCTOBER 2015 FRIDAY

Payment of the single tier interim dividend of 3.00 sen per share for the financial year ended 31 December 2015

23 OCTOBER 2015 FRIDAY

Additional listing of 37,480,662 new ordinary shares of RM1.00 each, via the dividend reinvestment scheme

25 NOVEMBER 2015 WEDNESDAY

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to Financial Statements

Pursuant to paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and as required by Companies Act, 1965 (the 'Act'), the Directors are responsible to ensure that the financial statements prepared for each financial year, give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows for the year then ended. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2015, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring the Group and the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors have a general duty to take such steps as are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

for the financial year ended 31 December 2015

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year is investment holding. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group	The Company
	RM'000	RM'000
Net profit after taxation attributable to:		
- Owners of the Parent	2,849,509	1,289,467
- Non-controlling interests	46,436	-
	2,895,945	1,289,467

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
Dividend on 8,423,746,385 ordinary shares, paid on 28 April 2015	
- single tier second interim dividend of 5.00 sen per ordinary share, consists of cash portion of 0.68 sen per ordinary shares and an electable portion of 4.32 sen per ordinary shares which was reinvested in new ordinary shares	421,187
In respect of the financial year ended 31 December 2015:	
Dividend on 8,489,786,868 ordinary shares, paid on 23 October 2015	
- single tier first interim dividend of 3.00 sen per ordinary shares, consists of cash portion of 0.99 sen per ordinary shares and an electable portion of 2.01 sen per ordinary shares which was reinvested in new ordinary shares	254,694

The Directors have proposed a single tier second interim dividend of 11.0 sen per ordinary share under the Dividend Reinvestment Scheme ("DRS") as disclosed in Note 30(b), on 8,527,267,430 ordinary shares amounting to RM938 million in respect of the financial year ended 31 December 2015. The single tier second interim dividend was approved by the Board of Directors on 29 January 2016.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2015.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up capital by RM103,521,245 via:

(a) Issuance of 66,040,583 new ordinary shares of RM1.00 each arising from the DRS relating to electable portion of the second interim dividend of 5.00 sen in respect of financial year ended 31 December 2014, as disclosed in Note 43(a) to the Financial Statements;

(b) Issuance of 37,480,662 new ordinary shares of RM1.00 each arising from the DRS relating to electable portion of the first interim dividend of 3.00 sen in respect of financial year ended 31 December 2015, as disclosed in Note 43(b) to the Financial Statements.

SHARE BUY-BACK AND CANCELLATION

The shareholders of the Company, had via an ordinary resolution passed at the Annual General Meeting held on 28 April 2015, approved the Company's plan and mandate to authorise the Directors of the Company to buy back up to 10% of its existing paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company bought back 200 shares, as stated in Note 33(b) to the Financial Statements, at an average price (including transaction costs) of RM5.68 per share from the open market using internally generated funds. As at 31 December 2015, there were 4,808 ordinary shares held as treasury shares. Accordingly, the adjusted issued and paid-up share capital of the Company with voting rights as at 31 December 2015 was 8,527,267,430 shares.

The shares purchased are held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

SHARE-BASED EMPLOYEE BENEFIT PLAN

The Group's employee benefit schemes are explained in Note 45 to the Financial Statements.

BAD AND DOUBTFUL DEBTS, AND FINANCING

Before the Financial Statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Company, inadequate to any substantial extent.

CURRENT ASSETS

Before the Financial Statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this Report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability in the Group or the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Company, that would render any amount stated in the Financial Statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 50 to the Financial Statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made.

DIRECTORS

The Directors of the Company who have held office since the date of the last report and at the date of this report are as follows:

Dato' Sri Mohamed Nazir bin Abdul Razak
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz
Dato' Zainal Abidin bin Putih
Glenn Muhammad Surya Yusuf
Robert Neil Coombe
Watanan Petersik
Joseph Dominic Silva
Teoh Su Yin
Datuk Mohd Nasir Ahmad (appointed on 20 July 2015)
Dato' Lee Kok Kwan (appointed on 20 July 2015)
Kenji Kobayashi (resigned on 8 March 2016)
Hiroaki Demizu (appointed on 8 March 2016)

In accordance with Article 76 of the Articles of Association, the following Directors will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election:

Dato' Sri Mohamed Nazir Abdul Razak
Glenn Muhammad Surya Yusuf
Watanan Petersik

In accordance with Article 83 of the Articles of Association, the following Directors will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election:

Datuk Mohd Nasir Ahmad
Dato' Lee Kok Kwan
Hiroaki Demizu

Pursuant to the Company's internal policy on the tenure of Independent Directors, which limits directorship of Independent Directors to 9 years or 70 years of age, whichever is earlier, Dato' Zainal Abidin bin Putih has informed of his intention to retire as Independent Director of the Company and will not seek re-election at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES

According to the Register of Directors' Shareholdings, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the Company and its related corporations during the financial year are as follows:

	No. of ordinary shares of RM1 each			
	As at 1 January/ Date of appointment	Acquired/ Granted	Disposed	As at 31 December
CIMB Group Holdings Berhad				
Direct interest				
* Dato' Lee Kok Kwan	4,071,994	17,549[(a)]	(1,433,377)	2,656,166
^ Dato' Sri Mohamed Nazir bin Abdul Razak	52,741,024	684,113[(a)]	(646,700)	52,778,437
# Dato' Zainal Abidin bin Putih	115,145	1,648[(b)]	-	116,793
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	451,754	84,340[(a)]	(82,840)	453,254
** Teoh Su Yin	107,719	977[(b)]	-	108,696

Note: Includes shareholding of spouse/child, details of which are as follows:

	No. of ordinary shares of RM1 each			
	As at 1 January/ Date of appointment	Acquired/ Granted	Disposed	As at 31 December
* Datin Rosemary Yvonne Fong	76,666	695[(b)]	-	77,361
^ Dato' Azlina binti Abdul Aziz	4,123,010	37,413[(b)]	-	4,160,423
# Datin Jasmine binti Abdullah Heng	20,997	329[(b)]	-	21,326
# Mohamad Ari Zulkarnain bin Zainal Abidin	10,157	-	-	10,157
** Stephen John Watson Hagger	107,719	977[(b)]	-	108,696

(a) Shares granted under Equity Ownership Plan ("EOP") and acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")
(b) Shares acquired by way of the exercise of DRS

	Debentures held			
	As at 1 January/ Date of appointment	Acquired	Disposed	As at 31 December
PT Bank CIMB Niaga Tbk				
- Subordinated Notes				
Dato' Sri Mohamed Nazir bin Abdul Razak	IDR4,500,000,000	-	-	IDR4,500,000,000
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures in the Company, or shares, options over shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 40 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Management Equity Scheme and Equity Ownership Plan (see Note 45 to the Financial Statements) as disclosed in this Report.

2015 BUSINESS PLAN AND STRATEGY

2015 was another year of economic challenge. The financial services industry in Malaysia and regionally was impacted by a moderation in global economic growth and a slowdown in emerging market economic activity, most notably in China. Currency volatility was a recurring theme as a stronger US dollar coupled with and the depreciation of the Chinese Renminbi caused most Asian currencies, in particular the Ringgit, to trade on the softer side. In addition, commodity prices headed south over the year with the price of oil falling by around 47%. The Group's theme for 2015 was "Recalibration", prioritising leadership rejuvenation, operating costs and efficiencies and long-term strategies. In 2015, the Group also announced details of the Target 2018 (T18) strategy and a new organisational structure.

In line with T18, progress was made in lowering the Group's operating costs via, (i) the rationalisation of the Investment Banking platform, with the closure of the Australian operations and headcount reduction across the region, and (ii) a Mutual Separation Scheme (MSS) in Malaysia and Indonesia which received a strong acceptance rate. The Group maintained its focus on strict risk management policies, implemented a Group-wide risk adjusted return approach to business, while keeping a close watch on asset quality management and adopting a prudent approach to asset and liability growth. Capital management was a priority with the Group and we ended 2015 on a stronger footing following a series of capital optimisation initiatives during the year as well as continuation of the Dividend Reinvestment Scheme (DRS).

The Group posted an 8.8% year on year (Y-o-Y) growth in operating income to RM15.4 billion. This was largely attributed to a 11.4% improvement in non-interest income in line with a recovery in capital market revenues at Treasury & Markets and Investment Banking. Net interest income (inclusive of net finance income and hibah from Islamic Banking operations) were 7.4% higher Y-o-Y to RM10.7 billion on the back of the growth in loans and credit partially offset by lower net interest margins (NIM). The Group's profit before tax (PBT) of RM3.9 billion was 8.5% lower Y-o-Y due to increased loan loss provisions as well as the restructuring and MSS cost. This translated to a net return on equity (ROE) of 7.3%. Excluding the exceptional expenses from restructuring and MSS, the Business As Usual (BAU) ROE was 8.6%.

The regional consumer PBT was 18.1% higher Y-o-Y at RM1.7 billion on a BAU basis. The Malaysia consumer operations grew 13.5% Y-o-Y, while both the Indonesia and Singapore consumer operations posted strong Y-o-Y PBT growth off relatively low bases. The BAU PBT for regional Wholesale Banking improved by 14.4% Y-o-Y to RM1.7 billion in line with a recovery in Corporate Banking in tandem with lower Y-o-Y corporate provisions and a better performance at Investment Banking with a pick up in capital market activity, partially offset by a lower Treasury & Markets PBT.

CIMB Niaga's BAU PBT declined 61.5% Y-o-Y to IDR1,141 billion as the improvement in net interest income was more than offset by weaker non-interest income, higher operating expenses and a higher quantum of corporate loan provisions. CIMB Thai's PBT increased 8.3% Y-o-Y to THB1.3 billion driven by a strong growth in non-interest income during the year. CIMB Singapore's BAU PBT rose 9.9% to RM378 million on stronger consumer and commercial banking growth.

Excluding the bad bank, the Group's total gross loans expanded 12.8% Y-o-Y. After adjusting for foreign exchange fluctuations, the Group's total gross loans increased by 6.6% Y-o-Y. Commercial banking loans increased 7.8% while retail loans and wholesale loans grew 13.6% and 13.7% respectively. Total Group deposits grew by 12.6% Y-o-Y but were 6.9% higher Y-o-Y after excluding foreign exchange fluctuations. The Group's CASA ratio stood at 34.1% from 34.7% last year while overall net interest margin was lower at 2.66% from 2.80% in FY14.

The Group's BAU cost to income ratio was lower at 55.6% compared to 59.1% in FY14 from a combination of improved operating income and a better cost controls. The Group's allowances for impairment losses were 42.4% higher at RM2.168 billion in FY15 compared to RM1.522 billion in FY14. The Group's total credit charge was 0.73%. The Group's gross impairment ratio stood at 3.0% for FY15 from 3.1% as at FY14, with an allowance coverage of 84.7%.

The Group announced a 41.9% dividend payout for FY15 by declaring total dividends amounting to RM1.2 billion or 14.00 sen per share. This was paid in two interim dividend payouts of 3.00 sen (paid in October 2015) and 11.00 sen, to be paid by April 2016 via the option of either cash or via a DRS.

OUTLOOK 2016

CIMB enters 2016 on a stronger footing, benefiting from the cost and capital adjustments undertaken last year. Having recalibrated in 2015, the Group's corporate theme for 2016 is "Recharged #teamCIMB",where we are prepared to implement and execute the Group's T18 programmes. These will include MIS and Data Management, Capital and RWA Optimisation and Customer Experience. Other key projects that will continue into 2016 are our Cost and Productivity programme, which include a centralised regional strategic procurement initiative as well as productivity enhancement via a Total Quality Management programme. This will put in place a robust infrastructure of people, framework and systems as well as a governance infrastructureto efficiently and effectively monitor and improve the customer experience. The Group will continue the 2015 "Recalibrate" theme for areas and segments which will be reorganised and restructured in line with improving operating efficiencies and profitability in the present environment.

The concerns from 2015 carries forward into 2016 as commodity prices remain soft, the US Federal Reserve is moving towards a normalisation of its policy rate and China continues to rebalance its economy. Within ASEAN, interest rates are expected to remain low while currencies will likely stay relatively weak. With this in mind, the Group is sustaining a cautiously optimistic outlook with a moderated ROE target of 10% with an estimated 10% loan growth for 2016. This will be underpinned by a more challenging economic and banking environment in Malaysia, some expectations of a progressive recovery in Indonesia, a continued positive momentum from Singapore and a better performance in Thailand. The Group is looking forward to commencing our banking operations in Vietnam, following the award of a new licence in 2015. Our focus on asset quality and capital management will remain a feature in 2016.

RATINGS BY EXTERNAL RATING AGENCY

Details of the rating of the Company and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	January 2016	(1) Long-term Issuer Rating	Baa1	Stable
		(2) Short-term Issuer Rating	P-2	
Malaysian Rating Corporation Berhad (MARC)	December 2015	(1) Long-term Corporate Credit Rating	AA+	Stable
		(2) Short-term Corporate Credit Rating	MARC-1	
		(3) RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme	AA	
RAM Rating Services Berhad (RAM)	December 2015	(1) Long-term Financial Institution Rating	AA_1	Stable
		(2) Short-term Financial Institution Rating	P1	
		(3) RM6.0 billion Conventional and Islamic Commercial Papers/ Medium-term Notes Programme	AA_1/P1	
		(4) RM3.0 billion Subordinated Notes Programme	AA_3	
		(5) RM6.0 billion Conventional and Islamic Commercial Paper Programme	P1	

BOARD SHARIAH COMMITTEE

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and now as enshrined in the recently effective Islamic Financial Services Act 2013, the Board of Directors (the "Board") is ultimately responsible and accountable for the oversight and management of Shariah matters in the operation of the Group's Islamic banking and finance activities. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group Holdings Berhad that it established under its core Islamic operating entity, CIMB Islamic Bank Berhad ("CIMB Islamic").

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the CIMB Group Holdings Berhad. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to the Islamic banking business of CIMB Group Holding Berhad shall be made based on the decisions, views and opinions of the Board Shariah Committee. If the Board disagrees with any decisions, views, and opinions of the Board Shariah Committee on any Shariah matter, the former shall refer back the matter to the latter for a second or third review before final decision is made. All and any final decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The Board Shariah Committee shall at all times assist the Board to ensure that the Group's Islamic banking and finance business does not have elements/ activities which are not permissible under Shariah.

The members of the Board Shariah Committee are as follows:

(1) Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil
(2) Sheikh Professor Dr. Mohammad Hashim Kamali
(3) Sheikh Dr. Nedham Mohamed Saleh Yaqoobi
(4) Sheikh Yang Amat Arif Dato' Dr. Haji Mohd Na'im bin Haji Mokhtar
(5) Sheikh Associate Professor Dr. Shafaai bin Musa
(6) Sheikh Dr. Yousef Abdullah Al Shubaily
(7) Sheikha Professor Dato' Dr. Noor Inayah Yaakub
(8) Sheikh Muhamad Taufik Ridlo
(9) Sheikh Professor Dato' Dr. Sudin Haron

The Board hereby affirms based on advice of the Board Shariah Committee that the Group's Islamic banking and finance operations has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

ZAKAT OBLIGATIONS

The obligation and responsibility for payment of Zakat lies with the Muslim shareholders of the Group. For the Group's banking and asset management subsidiaries, the obligation and responsibility for payment of Zakat on deposits and investments received from their customers lies with their respective Muslim customers only. The aforesaid is subject to the jurisdictional requirements on Zakat payment as may be applicable from time to time on the Bank and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of Zakat expenses (if any) in the Financial Statements of the Group is reflective of this.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 50 to the Financial Statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

Dato' Sri Mohamed Nazir bin Abdul Razak
Chairman

Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz
Director

Kuala Lumpur
8 March 2016

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Sri Mohamed Nazir bin Abdul Razak and Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz, being two of the Directors of CIMB Group Holdings Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 26 to 276 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results and cash flows of the Group and of the Company for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

Dato' Sri Mohamed Nazir bin Abdul Razak
Chairman

Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz
Director

Kuala Lumpur
8 March 2016

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Shahnaz Farouque bin Jammal Ahmad, being the officer primarily responsible for the financial management of CIMB Group Holdings Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 26 to 276 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Shahnaz Farouque bin Jammal Ahmad

Subscribed and solemnly declared by the abovenamed
Shahnaz Farouque bin Jammal Ahmad at Kuala Lumpur before me, on 8 March 2016.

Commissioner for Oaths

PESURUHJAYA SUMPAH
No : B384
Nama : ZULKIFLY B. MAHMUD
MALAYSIA
No: 49-1, Jalan USJ 10/1F,
47620 UEP, Subang Jaya,
Selangor Darul Ehsan.

BOARD SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad ("CIMB Islamic"), is responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Group's Islamic banking and finance activities. Although the Board is ultimately responsible and accountable for all Shariah matters under the Group, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Group's Islamic banking and finance businesses does not have elements/ activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Bank) in the relevant jurisdiction that the Group is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the operations of the Islamic banking and finance business of CIMB Group have been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by relevant financial regulators in the relevant jurisdictions that the Group's Islamic banking and finance businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report herein before.

In making our independent assessment and confirmation, we have always recognised the importance of CIMB Group maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses. In this regard we have developed and maintained a system of monitoring and reporting which provides the necessary internal controls to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance to the requirements of Shariah; the group's assets and liabilities under its statements of financial position of Islamic banking and finance are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its Islamic banking and finance operations does not contradict Shariah principles.

The system is augmented by written policies and procedures, the careful selection and training of Shariah qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff of the Group.

Firstly, the system of internal control for effective Shariah governance is supported by a professional staff of Shariah researchers that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. Secondly, the Management has a Shariah review framework that operates on a front to back basis comprising of self-assessment/self-reporting mechanism and periodic independent review undertaken by Group Compliance Department under the General Counsel Division. Thirdly, the system is also augmented by a Shariah risk management framework covering the first; second and; third line of defenses. Lastly, there is also a strong team of internal auditors who conduct periodic Shariah audits of all the Group's Islamic banking and finance operations on a scheduled and periodic basis.

All in all, the Management of the Group is responsible and accountable to the Board to ensure that the Islamic banking and finance businesses of CIMB Group are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal and external controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Group has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us except for 13 incidences of Shariah non-compliance within CIMB Group as follows:

(1) Within CIMB Bank, London Branch due to imposition of extension fee in legal document for Islamic financing which was not approved by the Board Shariah Committee.

(2) Within CIMB Bank, Labuan Offshore Branch, due to the imposition of break funding cost for an early settlement of Trust Receipt-i for Islamic client. The amount of RM970.00 imposed as break funding cost for an early settlement has been refunded to the affected client accordingly.

(3) Within CIMB Islamic Bank Berhad ("CIMB Islamic") due to web banner advertisement which failed to comply with Shariah requirement set by the Board Shariah Committee. There were no earnings that was derived from this incident.

(4) Within CIMB Islamic, due to Term Financing-i secured by Amanah Saham Bumiputra (ASB) Certificate using dual Wakalah arrangement instead of single Wakalah arrangement as approved by the Board Shariah Committee.

(5) Within CIMB Islamic, due to the usage of conventional terminology ("interest") in the website for Junior Savers Account-i.

(6) Within CIMB Islamic, due to the coverage of motor vehicle under conventional insurance instead of Takaful, and the inclusion of the insurance premium in the Islamic financing package.

(7) Within CIMB Islamic, due to the usage of conventional document of "Proclamation of Sale" and "Condition of Sale" for Islamic customers during auctioning process.

(8) Within CIMB Islamic, due to marketing leaflets which were distributed to the customer where the attire of the female in the leaflets do not conform with Shariah.

(9) Within CIMB Islamic, due to the usage of conventional terminologies in Islamic documentation for recovery purposes.

(10) Within CIMB Islamic, due to the non-execution of Commodity Murabahah Transaction for Fixed Return Income Account-i (FRIA-i) during Auto Conversion of the Non-Lien General Investment Account-i (GIA-i).

(11) Within CIMB Investment Bank Berhad, due to the usage of conventional Letter of Demand issued for Islamic Stockbroking customer, for recovery purposes.

(12) Within CIMB-Principal Asset Management Berhad, due to credit of Islamic fund into conventional collection account and investment of the same in conventional money market during the buffer of 10 days given by Securities Commission. There were Shariah non-compliance earnings amounting to RM416,300 that were derived from this Shariah non-compliance event which need to be channeled to charity.

(13) Within CIMB Islamic Trustee Berhad, due to the acceptance and managing of Shariah non-compliant assets for Islamic Trusts. A total of RM19,491.41 from the management fee was classified as Shariah non-compliance incomes which need to be channeled to charity.

RM435,791.41 reflected in the financial statement represents Shariah Non Compliance Income occurred in 2015.

Various rectification and control measures were instituted to ensure the non-recurrence of such Shariah non-compliance activities including but not limited to the following:

(1) Updating CIMB Islamic, CIMB Bank, CIMB Investment Bank, CIMB Principal and where relevant the Group's procedures and processes in the affected activities to reflect the Shariah requirements.

(2) Removed any elements that does not comply with Shariah requirements in CIMB Islamic, and CIMB Principal's business communication immediately.

(3) Removed any elements that does not comply with Shariah requirements in CIMB Investment Bank's treasury legal documentation immediately.

(4) Conducting series of Shariah Governance Framework Workshop and in-house Shariah awareness trainings to elevate awareness and knowledge of Shariah among the staff.

Over and above these specific measures, we have also directed the Management to undertake more training sessions, courses and briefings aimed at building stronger and deeper understanding amongst the Group's employee on Shariah application in the financial activities undertaken by the Group and its subsidiaries as well as to infuse the right culture for Shariah compliance amongst them.

In our opinion:

(1) The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2015 that were presented to us were done in compliance with Shariah;

(2) The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and

(3) All earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Group. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2015 were conducted in conformity with Shariah except for what has been disclosed.

On behalf of the Board Shariah Committee

Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil
Chairman

Sheikh Professor Dr. Mohammad Hashim Kamali
Member

Kuala Lumpur
8 March 2016

INDEPENDENT AUDITORS' REPORT

to the members of CIMB Group Holdings Berhad (Company No: 50841-W) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Group Holdings Berhad on pages 26 to 275 which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory Notes, as set out on Note 1 to 58.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of Financial Statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Financial Statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the Financial Statements.

(c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Company's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

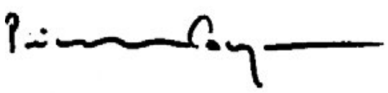
(d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 59 on page 276 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the Financial Statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Sridharan Nair
(2656/05/16(J))
Chartered Accountant

Kuala Lumpur
8 March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015	2014
		RM'000	RM'000
Assets			
Cash and short-term funds	2	29,318,830	33,462,817
Reverse repurchase agreements		9,714,112	4,758,286
Deposits and placements with banks and other financial institutions	3	1,829,482	4,238,988
Financial assets held for trading	4	20,680,266	23,803,771
Derivative financial instruments	7	11,708,849	7,182,759
Financial investments available-for-sale	5	32,767,548	32,286,522
Financial investments held-to-maturity	6	25,759,169	18,261,561
Loans, advances and financing	8	290,295,664	258,014,859
Other assets	9	17,666,142	12,511,211
Tax recoverable		70,042	45,483
Deferred tax assets	10	366,653	272,587
Statutory deposits with central banks	11	7,699,821	6,841,165
Investment in associates	13	858,840	844,709
Investment in joint ventures	14	178,608	241,680
Property, plant and equipment	15	2,403,016	1,466,634
Investment properties	16	1,120	4,000
Prepaid lease payments	17	125,402	136,419
Goodwill	18	8,297,486	7,911,160
Intangible assets	19	1,820,593	1,850,419
		461,561,643	414,135,030
Non-current assets held for sale	54	15,500	21,326
Total assets		461,577,143	414,156,356
Liabilities			
Deposits from customers	20	317,423,581	282,068,787
Placements from investment accounts	21	232,716	-
Deposits and placements of banks and other financial institutions	22	23,691,950	32,149,798
Repurchase agreements		8,527,463	5,735,839
Financial liabilities designated at fair value	23	4,952,771	3,690,701
Derivative financial instruments	7	12,139,849	7,712,794
Bills and acceptances payable		2,328,959	2,998,134
Other liabilities	24	13,984,681	10,816,798
Recourse obligation on loans and financing sold to Cagamas	25	1,817,816	-
Current tax liabilities		213,278	231,276
Deferred tax liabilities	10	22,260	51,569
Bonds and debentures	27	11,277,176	7,666,048
Other borrowings	28	9,037,124	9,290,807
Subordinated obligations	29	13,694,891	12,582,494
Non-cumulative guaranteed and redeemable preference shares	31(a), 31(b)	-	770,188
Total liabilities		419,344,515	375,765,233

Financial Statements
Consolidated Statement of Financial Position
as at 31 December 2015 (Continued)

	Note	2015 RM'000	2014 RM'000
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital	30	8,527,272	8,423,751
Reserves	32	32,524,112	28,937,290
Less: Shares held under trust	33(a)	(563)	(563)
Treasury shares, at cost	33(b)	(43)	(42)
		41,050,778	37,360,436
Perpetual preference shares	31(c)	200,000	200,000
Non-controlling interests		981,850	830,687
Total equity		42,232,628	38,391,123
Total equity and liabilities		461,577,143	414,156,356
Commitments and contingencies	48	883,583,439	702,740,799
Net assets per share attributable to owners of the Parent (RM)		4.81	4.44

CONSOLIDATED STATEMENT OF INCOME

for the financial year ended 31 December 2015

	Note	2015	2014
		RM'000	RM'000
Interest income	34	18,098,619	16,059,003
Interest expense	35	(8,761,875)	(7,403,455)
Net interest income		9,336,744	8,655,548
Income from Islamic banking operations	57	1,569,017	1,461,278
Net non-interest income	36	4,490,029	4,029,098
		15,395,790	14,145,924
Overheads	37	(9,248,978)	(8,291,963)
Profit before allowances		6,146,812	5,853,961
Allowance made for impairment losses on loans, advances and financing	38	(2,168,624)	(1,522,068)
Allowance made for impairment losses on other receivables		(30,215)	(26,072)
Allowance (made)/written back for commitments and contingencies	24	(9,935)	8,942
Recoveries from investment management and securities services		-	804
Allowance made for other impairment losses	39	(109,679)	(162,497)
		3,828,359	4,153,070
Share of results of joint ventures	14	(9,863)	(1,942)
Share of results of associates	13	95,497	125,295
Profit before taxation		3,913,993	4,276,423
Taxation			
- Company and subsidiaries	41	(1,018,048)	(1,101,866)
Profit for the year		2,895,945	3,174,557
Profit attributable to:			
Owners of the Parent		2,849,509	3,106,808
Non-controlling interests		46,436	67,749
		2,895,945	3,174,557
Earnings per share attributable to ordinary equity holders of the Parent (sen)			
- Basic	42	33.6	37.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Profit for the financial year	2,895,945	3,174,557
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefits obligation		
- Actuarial loss	(834)	(16,368)
- Income tax effects	2,519	2,607
- Currency translation difference	(1,889)	(645)
	(204)	(14,406)
Items that may be reclassified subsequently to profit or loss		
Revaluation reserve-financial investments available-for-sale	(297,279)	188,535
- Net (loss)/gain from change in fair value	(121,825)	340,368
- Realised gain transferred to statement of income on disposal and impairment	(174,608)	(92,912)
- Income tax effects	6,676	(55,870)
- Currency translation difference	(7,522)	(3,051)
Net investment hedge	(1,012,280)	(248,380)
Hedging reserve - cash flow hedge	(14,151)	4,041
- Net (loss)/gain from change in fair value	(19,429)	3,852
- Income tax effects	5,278	189
Exchange fluctuation reserve	2,316,600	941,601
Share of other comprehensive income/(expense) of		
- Associates	851	2,199
- Joint ventures	(9,807)	4,965
	983,934	892,961
Other comprehensive income during the financial year, net of tax	983,730	878,555
Total comprehensive income for the financial year	3,879,675	4,053,112
Total comprehensive income attributable to:		
Owners of the Parent	3,795,179	3,965,367
Non-controlling interests	84,496	87,745
	3,879,675	4,053,112

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015	2014
		RM'000	RM'000
Assets			
Cash and short-term funds	2	59,573	1,864,074
Derivative financial instruments	7	74	478
Financial investments held-to-maturity	6	2,002,540	-
Loans, advances and financing	8	-	40
Other assets	9	440	13,764
Tax recoverable		35,687	35,757
Amount owing by subsidiaries net of allowance for doubtful debts of RM775,424 (2014: RM775,424)	44	-	-
Investment in subsidiaries	12	27,400,205	24,214,072
Investment in associates	13	3,834	3,834
Property, plant and equipment	15	1,629	2,126
Investment properties	16	453	471
		29,504,435	26,134,616
Non-current assets held for sale	54	10,925	10,925
Total assets		29,515,360	26,145,541
Liabilities			
Other liabilities	24	7,196	4,061
Amount owing to subsidiaries	44	6	-
Deferred tax liabilities	10	277	448
Other borrowings	28	4,672,609	4,305,015
Subordinated obligations	29	3,992,277	2,141,402
Total liabilities		8,672,365	6,450,926
Equity			
Share capital	30	8,527,272	8,423,751
Reserves	32	12,315,766	11,270,906
Less: Treasury shares, at cost	33(b)	(43)	(42)
Total equity		20,842,995	19,694,615
Total equity and liabilities		29,515,360	26,145,541
Commitments and contingencies	48	500,000	500,000

COMPANY STATEMENT OF INCOME

for the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Interest income	34	39,947	52,504
Interest expense	35	(311,275)	(268,624)
Net interest expense		(271,328)	(216,120)
Net non-interest income	36	1,587,666	1,859,076
		1,316,338	1,642,956
Overheads	37	(15,493)	(11,681)
Profit before taxation		1,300,845	1,631,275
Taxation	41	(11,378)	(11,731)
Net profit after taxation/Profit for the financial year		1,289,467	1,619,544

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Profit for the financial year/Total comprehensive income for the financial year	1,289,467	1,619,544

Financial Statements

Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

The Group	Note	Share capital	Share premium-ordinary shares	Statutory reserve	Capital reserve	Exchange fluctuation reserve	Shares held under trust	Treasury shares	Revaluation reserve - financial investments available-for-sale	Other reserves	Share-based payment reserve	Regulatory reserve	Retained earnings	Total	Perpetual preference shares	Non-controlling interests	Total
		← Attributable to owners of the Parent												→			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		8,423,751	9,973,065	5,650,713	137,104	(1,183,616)	(563)	(42)	149,847	(564,090)	119,739	593,795	14,060,733	37,360,436	200,000	830,687	38,391,123
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,849,509	2,849,509	-	46,436	2,895,945
Other comprehensive income (net of tax)		-	-	921	-	2,268,874	-	-	(302,413)	(1,026,634)	4,922	-	-	945,670	-	38,060	983,730
Financial investments available-for-sale		-	-	-	-	-	-	-	(293,930)	-	-	-	-	(293,930)	-	(3,349)	(297,279)
Net investment hedge		-	-	-	-	-	-	-	-	(1,012,280)	-	-	-	(1,012,280)	-	-	(1,012,280)
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	-	(14,150)	-	-	-	(14,150)	-	(1)	(14,151)
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	(204)	-	-	-	(204)	-	-	(204)
Currency translation difference		-	-	921	-	2,269,347	-	-	-	-	4,922	-	-	2,275,190	-	41,410	2,316,600
Share of other comprehensive income of																	
- Associate		-	-	-	-	-	-	-	851	-	-	-	-	851	-	-	851
- Joint venture		-	-	-	-	(473)	-	-	(9,334)	-	-	-	-	(9,807)	-	-	(9,807)
Total comprehensive income for the financial year		-	-	921	-	2,268,874	-	-	(302,413)	(1,026,634)	4,922	-	2,849,509	3,795,179	-	84,496	3,879,675
Second interim dividend for the financial year ended 31 December 2014	43	-	-	-	-	-	-	-	-	-	-	-	(421,187)	(421,187)	-	-	(421,187)
First interim dividend for the financial year ended 31 December 2015	43	-	-	-	-	-	-	-	-	-	-	-	(254,694)	(254,694)	-	-	(254,694)
Non-controlling interest share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,625)	(2,625)
Transfer to statutory reserve		-	-	788,811	-	-	-	-	-	-	-	-	(788,811)	-	-	-	-
Transfer from regulatory reserve		-	-	-	-	-	-	-	-	-	-	427,888	(427,888)	-	-	-	-
Issuance of shares arising from:																	
- dividend reinvestment scheme	30	103,521	431,274	-	-	-	-	-	-	-	-	-	-	534,795	-	-	534,795
Rights issue of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,154	28,154
Purchase of treasury shares	33(b)	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Share-based payment expense	45	-	-	-	-	-	-	-	-	-	93,077	-	-	93,077	-	-	93,077
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	-	(54,267)	-	-	-	(54,267)	-	-	(54,267)
Shares released under EOP		-	-	-	-	-	-	-	-	125,270	(125,753)	-	-	(483)	-	-	(483)
Contributions by non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,122	3,122
Disposal of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,153	23,153
Arising from dilution/disposal of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(1,883)	(1,883)	-	14,863	12,980
EOP for staff resigned		-	-	-	-	-	-	-	-	-	-	-	(194)	(194)	-	-	(194)
Total transactions with owners/other equity movements, recognised directly in equity		103,521	431,274	788,811	-	-	-	(1)	-	71,003	(32,676)	427,888	(1,894,657)	(104,837)	-	66,667	(38,170)
At 31 December 2015		8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628

Financial Statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2015 (Continued)

The Group	Note	← Attributable to owners of the Parent → Share capital	Share premium-ordinary shares	Statutory reserve	Capital reserve	Exchange fluctuation reserve	Shares held under trust	Treasury shares	Revaluation reserve - financial investments available-for-sale	Other reserves	Share-based payment reserve	Regulatory reserve	Retained earnings	Total	Perpetual preference shares	Non-controlling interests	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	3,106,808	3,106,808	-	67,749	3,174,557
Other comprehensive income (net of tax)		-	-	422	-	923,361	-	-	192,556	(258,795)	1,015	-	-	858,559	-	19,996	878,555
Financial investments available-for-sale		-	-	-	-	-	-	-	185,392	-	-	-	-	185,392	-	3,143	188,535
Net investment hedge		-	-	-	-	-	-	-	-	(248,380)	-	-	-	(248,380)	-	-	(248,380)
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	-	3,991	-	-	-	3,991	-	50	4,041
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	(14,406)	-	-	-	(14,406)	-	-	(14,406)
Currency translation difference		-	-	422	-	923,361	-	-	-	-	1,015	-	-	924,798	-	16,803	941,601
Share of other comprehensive expense of																	
- Associate		-	-	-	-	-	-	-	2,199	-	-	-	-	2,199	-	-	2,199
- Joint venture		-	-	-	-	-	-	-	4,965	-	-	-	-	4,965	-	-	4,965
Total comprehensive income for the financial year		-	-	422	-	923,361	-	-	192,556	(258,795)	1,015	-	3,106,808	3,965,367	-	87,745	4,053,112
Second interim dividend for the financial year ended 31 December 2013	43	-	-	-	-	-	-	-	-	-	-	-	(850,091)	(850,091)	-	-	(850,091)
First interim dividend for the financial year ended 31 December 2014	43	-	-	-	-	-	-	-	-	-	-	-	(833,652)	(833,652)	-	-	(833,652)
Non-controlling interest share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,333)	(3,333)
Transfer to statutory reserve		-	-	717,246	-	-	-	-	-	-	-	-	(717,246)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	(1,150,088)	1,150,088	-	-	-	-
Issuance of shares arising from:		-	-	-													
- dividend reinvestment scheme	30	194,405	1,099,011	-	-	-	-	-	-	-	-	-	-	1,293,416	-	-	1,293,416
- private placement	30	500,000	3,041,534	-	-	-	-	-	-	-	-	-	-	3,541,534	-	-	3,541,534
Purchase of treasury shares	33(b)	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Share-based payment expense	45	-	-	-	-	-	-	-	-	-	114,494	-	-	114,494	-	-	114,494
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	-	(127,615)	-	-	-	(127,615)	-	-	(127,615)
Shares released under EOP		-	-	-	-	-	-	-	-	93,830	(97,412)	-	-	(3,582)	-	-	(3,582)
Contributions by non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,116	10,116
Arising from dilution/disposal of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,045	5,045
Arising from acquisition of additional interest of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(10,069)	(10,069)	-	(26,348)	(36,417)
EOP for staff resigned		-	-	-	-	-	-	-	-	-	-	-	(463)	(463)	-	-	(463)
Total transactions with owners/other equity movements, recognised directly in equity		694,405	4,140,545	717,246	-	-	-	(1)	-	(33,785)	17,082	(1,150,088)	(1,261,433)	3,123,971	-	(14,520)	3,109,451
At 31 December 2014		8,423,751	9,973,065	5,650,713	137,104	(1,183,616)	(563)	(42)	149,847	(564,090)	119,739	593,795	14,060,733	37,360,436	200,000	830,687	38,391,123

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

The Company	Note	Share capital	Share premium	Capital reserve	Treasury shares	Distributable Retained earnings	Total
		← Non-distributable			→		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		8,423,751	9,973,065	55,982	(42)	1,241,859	19,694,615
Profit for the financial year		-	-	-	-	1,289,467	1,289,467
Total comprehensive income for the financial year		-	-	-	-	1,289,467	1,289,467
Second interim dividend for the financial year ended 31 December 2014	43	-	-	-	-	(421,187)	(421,187)
First interim dividend for the financial year ended 31 December 2015	43	-	-	-	-	(254,694)	(254,694)
Issue of share capital arising from:							
- Dividend Reinvestment Plan	30	103,521	431,274	-	-	-	534,795
Purchase of treasury shares	33(b)	-	-	-	(1)	-	(1)
At 31 December 2015		8,527,272	10,404,339	55,982	(43)	1,855,445	20,842,995
At 1 January 2014		7,729,346	5,832,520	55,982	(41)	1,306,058	14,923,865
Profit for the financial year		-	-	-	-	1,619,544	1,619,544
Total comprehensive income for the financial year		-	-	-	-	1,619,544	1,619,544
Second interim dividend for the financial year ended 31 December 2013	43	-	-	-	-	(850,091)	(850,091)
First interim dividend for the financial year ended 31 December 2014	43	-	-	-	-	(833,652)	(833,652)
Issue of share capital arising from:							
- Private placement	30	500,000	3,041,534	-	-	-	3,541,534
- Dividend Reinvestment Plan	30	194,405	1,099,011	-	-	-	1,293,416
Purchase of treasury shares	33(b)	-	-	-	(1)	-	(1)
At 31 December 2014		8,423,751	9,973,065	55,982	(42)	1,241,859	19,694,615

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Operating Activities			
Profit before taxation		3,913,993	4,276,423
Adjustments for:			
Accretion of discounts less amortisation of premiums	34	42,198	(11,095)
Amortisation of prepaid lease payments	37	11,215	11,364
Allowance made for impairment losses on other receivables		30,215	26,072
Allowance made for other impairment losses	39	109,679	162,497
Allowance made for impairment losses on loans, advances and financing		2,520,298	1,864,492
Allowance written back for commitments and contingencies		9,935	(8,942)
Amortisation of intangible assets	37	340,159	323,477
Depreciation of property, plant and equipment	37	354,014	322,108
Dividends from financial investments available-for-sale	36	(24,754)	(23,665)
Dividends from financial assets held-for-trading	36	(56,697)	(60,769)
Gain from fair value hedge of Redeemable Preference Shares		3,199	(30,933)
Gain on disposal of associates and joint ventures	36	(3,610)	(17,430)
Gain on deemed disposal/disposal of interest in subsidiaries	36	2,473	(49,553)
Gain on disposal of property, plant and equipment/assets held for sale	36	(4,475)	(68,875)
Gain on disposal of leased assets	36	(85)	(42)
Gain on remeasurement of equity interest retained as an associate	36	-	(30,987)
Gain on sale of financial investments available-for-sale	36	(172,347)	(119,822)
Gain on revaluation of investment properties	36	2,880	-
Gain on sale of financial assets held for trading and derivative financial instruments	36	(488,342)	(694,533)
Gain from distribution from joint ventures	36	(14,824)	-
Impairment of property, plant and equipment	37	1,094	-
Loss on disposal of foreclosed properties	36	27,326	61,557
Net gain from redemption/maturity of financial investments held-to-maturity	36	(16)	(2,640)
Net gain arising from hedging activities	36	(27,616)	(16,344)
Property, plant and equipment written off	37	1,141	7,148
Recoveries from investment management and securities services		-	(804)
Share-based payment expense	45	93,076	114,494
Share of results of associates		(95,497)	(125,295)
Share of results of joint ventures		9,863	1,942
Unrealised loss on financial liabilities designated at fair value	36	71,303	34,478
Unrealised loss on foreign exchange	36	573,607	167,486
Unrealised gain on revaluation of derivative financial instruments	36	(1,718,239)	(231,374)
Unrealised loss on revaluation of financial assets held for trading	36	521,504	124,405
		2,118,677	1,728,417
		6,032,670	6,004,840

Financial Statements
Consolidated Statement of Cash Flows
for the financial year ended 31 December 2015 (Continued)

	Note	2015 RM'000	2014 RM'000
Decrease/(increase) in operating assets			
Reverse repurchase agreements		(4,955,826)	3,502,218
Deposits and placements with banks and other financial institutions		2,409,506	(449,969)
Financial assets held for trading		2,396,565	(433,420)
Loans, advances and financing		(35,646,770)	(31,842,492)
Other assets		(5,713,572)	(5,140,939)
Derivative financial instruments		1,698,242	571,492
Statutory deposits with central banks		(858,656)	(479,517)
		(40,670,511)	(34,272,627)
Increase/(decrease) in operating liabilities			
Deposits from customers		35,354,794	19,064,485
Placements from investment account		232,716	-
Deposits and placements of banks and other financial institutions		(8,457,848)	11,421,953
Financial liabilities designated at fair value		1,190,767	1,524,053
Repurchase agreements		2,791,624	(186,949)
Amount due to Cagamas Berhad		10,816	-
Bills and acceptances payable		(669,175)	(1,715,085)
Other liabilities		4,378,456	3,325,492
		34,832,150	33,433,949
Cash flows generated from operations		194,309	5,166,162
Taxation paid		(1,183,980)	(1,150,390)
Net cash flows generated from operating activities		(989,671)	4,015,772
Investing Activities			
Acqusition of FAM and LASSB	52	(653,843)	-
Distributions and capital repayment from a joint venture	14	44,443	3,306
Distribution from associates	13	5,089	-
Dividend from an associate	13	79,067	20,037
Dividends received from financial investments available-for-sale		24,754	23,665
Dividends received from financial assets held for trading		56,698	60,769
Investment in associates	13	(1,939)	(2,016)
Investment in joint ventures	14	(680)	(1,661)
Net purchase of financial investments available-for-sale		(766,713)	(1,706,899)
Net purchase of financial investments held-to-maturity		(7,527,715)	(7,458,966)
Net cash inflow from disposal of interest in subsidiaries	55	-	150,432
Proceeds from disposal of certain interest in associates		3,610	20,073
Proceeds from disposal of interest in joint ventures		-	84,100
Proceeds from disposal of prepaid lease payment		4	257
Proceeds from disposal of property, plant and equipment/asset held for sale		124,299	262,799
Purchase of property, plant and equipment	15	(658,002)	(405,944)
Proceeds from disposal of intangible assets		62,180	19,990
Purchase of intangible assets	19	(285,593)	(348,239)
Net cash flows used in investing activities		(9,494,341)	(9,278,297)

Financial Statements
Consolidated Statement of Cash Flows
for the financial year ended 31 December 2015 (Continued)

	Note	2015 RM'000	2014 RM'000
Financing Activities			
Acquisition of additional interest in subsidiary from non-controlling interests		(11,741)	(36,417)
Contribution from non-controlling interests		14,863	10,116
Dividends paid to non-controlling interests		(2,625)	(3,333)
Dividends paid to shareholders	43(a), (b)	(141,085)	(390,327)
Interest paid on bonds and debentures		(681,406)	(318,512)
Interest paid on commercial papers and medium term notes		(64,570)	(7,352)
Interest paid on subordinated obligations		(547,075)	(562,939)
Interest paid on term loan facility and other borrowings		(330,744)	(394,256)
Issuance of ordinary share capital - private placement		-	3,541,534
Proceeds of commercial papers and medium term notes		445,761	1,229,063
Proceeds from issuance of bonds and debentures		7,460,494	8,136,874
Proceeds from issuance of subordinated obligations		2,000,000	400,000
Proceeds from recourse loans sold to Cagamas		1,807,000	-
Proceeds from revolving credit and overdraft		9,017	9,048
Proceeds from term loan facility and other borrowings		9,346,188	5,562,059
Purchase of treasury shares	33(b)	(1)	(1)
Redemption of bonds and debentures		(5,005,384)	(8,324,436)
Repayment of commercial papers and medium term notes		(1,131,198)	(791,711)
Repayment of redeemable preference shares		(924,100)	(91,529)
Repayment of revolving credit and overdraft		(8,271)	-
Repayment of subordinated obligations		(1,122,239)	(6,284)
Repayment from term loan facility and other borrowings		(9,672,744)	(4,778,077)
Net cash flows generated from financing activities		1,440,140	3,183,520
Net decrease in cash and short-term funds during the financial year		(9,043,872)	(2,079,005)
Effects of exchange rate changes		4,899,885	1,862,940
Cash and short-term funds at beginning of the financial year		33,462,817	33,678,882
Cash and short-term funds at end of the financial year	2	29,318,830	33,462,817
Statutory deposits with Bank Indonesia*		(4,547,670)	(4,127,783)
Monies held in trust		(28,396)	(32,376)
Cash and cash equivalents at end of the financial year		24,742,764	29,302,658

* This represents non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation of RM4,547,670,000 (2014: RM4,127,783,000), which is not readily available for use by the Group.

COMPANY STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Operating Activities			
Profit before taxation		1,300,845	1,631,275
Adjustments for:			
Depreciation of property, plant and equipment	15	497	546
Depreciation of investment properties	16	18	19
Dividends from subsidiaries	36	(1,581,503)	(1,846,982)
Gain on disposal of property, plant and equipment	36	(50)	-
Interest expense on term loan		100,351	91,308
Interest expense on commercial papers and medium term notes		69,271	7,351
Unrealised loss/(gain) on foreign exchange	36	85	(12,024)
Unrealised loss on revaluation of derivative financial instruments	36	404	3,462
		(1,410,927)	(1,756,320)
		(110,082)	(125,045)
Decrease in operating assets			
Loans, advances and financing		40	31
Other assets		13,324	31,516
		13,364	31,547
Increase/(decrease) in operating liabilities			
Other liabilities		2,332	(3,934)
		2,332	(3,934)
Cash flows used in operations		(94,386)	(97,432)
Net taxation payment		(11,478)	(11,411)
Net cash flows used in operating activities		(105,864)	(108,843)
Investing Activities			
Acquisition of additional interest in subsidiaries		(3,034,798)	(3,440,768)
Dividends from subsidiaries		1,581,503	1,846,982
Proceeds from disposal of property, plant and equipment		50	1,838
Purchase of HTM securities		(2,002,540)	-
Purchase of property, plant and equipment	15	-	(110)
Repayment from subsidiaries		6	566
Net cash flows used in investing activities		(3,455,779)	(1,591,492)

Financial Statements
Company Statement of Cash Flows
for the financial year ended 31 December 2015 (Continued)

	Note	2015	2014
		RM'000	RM'000
Financing Activities			
Dividends paid to shareholders	43(a), (b)	(141,085)	(390,327)
Interest paid on commercial papers and medium term notes		(64,570)	(7,352)
Interest paid on term loan		(100,724)	(86,371)
Proceeds from term loan facility		700,809	-
Proceeds from issuance of shares from private placement		-	3,541,534
Proceeds from commercial papers and medium term notes		445,761	1,229,063
Proceeds from issuance of subordinated debts		2,000,000	-
Proceed from revolving credit facility		200,023	-
Purchase of treasury shares	33(b)	(1)	(1)
Repayment of commercial papers and medium term notes		(1,131,198)	(791,710)
Repayment of subordinated debts		(151,873)	-
Net cash flows generated from financing activities		1,757,142	3,494,836
Net (decrease)/increase in cash and cash equivalents during the financial year		(1,804,501)	1,794,501
Cash and cash equivalents at beginning of the financial year		1,864,074	69,573
Cash and cash equivalents at end of the financial year	2	59,573	1,864,074

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

for the financial year ended 31 December 2015

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A BASIS OF PREPARATION

The Financial Statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial investments available-for-sale, financial assets and financial liabilities (including derivatives financial instruments) at fair value through profit or loss, investment properties and non-current assets/disposal groups held for sale.

The 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 the Shariah principles.

The preparation of Financial Statements in conformity with 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 53.

(a) Standards and amendments to published standards that are effective and applicable to the Group and the Company

The new accounting standards and amendments to published standards that are effective and applicable to the Group and the Company for the financial year beginning 1 January 2015 are as follows:

- Annual improvement to MFRSs 2010 - 2012 Cycle
  - Amendment to MFRS 2 "Share-based Payment"
  - Amendment to MFRS 3 "Business Combinations"
  - Amendment to MFRS 8 "Operating Segments"
  - Amendment to MFRS 13 "Fair Value Measurement"
  - Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
  - Amendment to MFRS 124 "Related Party Disclosures"

- Annual improvement to MFRSs 2011 - 2013 Cycle
  - Amendment to MFRS 3 "Business Combinations"
  - Amendment to MFRS 13 "Fair Value Measurement"
  - Amendment to MFRS 140 "Investment Property"

- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"

The adoption of the new accounting standards, amendments and improvements to published standards did not have a material impact on the Financial Statements of the Group and the Company.

A BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply these standards, amendments to published standards from:

(i) Financial year beginning on/after 1 January 2016

- Amendment to MFRS 11 "Joint Arrangements" requires an investor to apply the principles of MFRS 3 "Business Combination" when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets" clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 127 "Separate Financial Statements" which allow the use of equity method in the entities' separate financial statements to measure investment in subsidiaries, joint ventures and associates. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to changes to equity method must do so retrospectively.

- Annual improvements to MFRS 2012-2014 Cycle
  - MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
    It states that when an asset (or disposal group) is reclassified from "held for sale" to "held for distributions" or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
  - MFRS 7 Financial Instruments: Disclosure - Servicing contracts
    It includes specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute "continuing involvement" and, therefore, whether the asset qualifies for derecognition.
  - MFRS 7 Financial Instruments: Disclosure - Applicability of the amendments to MFRS 7 to condensed interim financial statements
    It states that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by MFRS 134.
  - MFRS 119 Employee Benefits
    It states that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.
  - MFRS 134 Interim Financial Reporting
    It clarifies what is meant by the reference in the standard to "information disclosure elsewhere in the interim financial reporting" and adds a requirement to cross-reference from the interim financial statements to the location of that information.

- Amendments to MFRS 101 "Presentation of financial statements" - Disclosure Initiative clarifies a number of issues, including:
  - Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial positions or performance.
  - Disaggregation and subtotals - line items specified in MFRS 101 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
  - Notes - confirmation that the notes do not need to be presented in a particular order.
  - Other comprehensive income "OCI" arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in MFRS 108 regarding the adoption of new standards/accounting policies are not required for these amendments.

A BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (Continued)

The Group and the Company will apply these standards, amendments to published standards from (Continued):

(ii) Financial year beginning on/after 1 January 2018

- MFRS 15 "Revenue from Contracts with Customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 "Financial Instruments" will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch.

  MFRS 9 introduces expected credit losses model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective date is to be determined by the Board) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

  The adoption of the above new accounting standards will not have any significant impact on the financial results of the Group and the Company except for MFRS 9. The Group has initiated the assessment of the potential effect of this standard. Due to the complexity of this standard, the financial impact of its adoption is still being assessed by the Group. This standard is expected to have pervasive impact on the Group's financial statements.

B ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

The consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exception measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor basis of accounting, the results of subsidiaries are presented as if the business combination had been effected from the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the ultimate holding company of the Group at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit difference is classified as equity. Any resulting debit difference is adjusted against merger reserves. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in acquiree (if any), and the fair value of the Group's previously held equity interest in acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. The accounting policy for goodwill is set out in Note M. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in statement of income.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions and balances between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss in control are accounted as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated Financial Statements by the equity method of accounting, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statement of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any). When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of a joint venture' in the statement of income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of income where appropriate.

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of income, and the Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(e) Associates (Continued)

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For any of the associate's net assets changes, other than profit or loss or other comprehensive income and distributions received, the Group's policy is to account for such changes to the statement of income.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of an associate' in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising in investment in associate are recognised in the statement of income.

(f) Interests in subsidiaries, joint arrangements and associates

In the Company's separate financial statements, investments in subsidiaries, joint arrangements and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

C RECOGNITION OF INTEREST/PROFIT INCOME AND INTEREST/PROFIT EXPENSE

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

D RECOGNITION OF FEES AND OTHER INCOME

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

Guarantee fees, portfolio management fees and income from asset management and securities services which are material are recognised as income based on a time apportionment method.

Brokerage fees are recognised as income based on inception of such transactions.

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the engagement.

Dividends are recognised when the right to receive payment is established.

E FINANCIAL ASSETS

(a) Classification

The Group and the Company allocate their financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss comprise of financial assets held for trading and other financial assets designated by the Group and the Company as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise cash and short-term funds, deposits placements with bank and other financial institutions, loans, advances and financing and other assets (except for foreclosed properties in Note W), in the statement of financial position.

(iii) Financial investments held-to-maturity
Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Group's and the Company's management have the positive intent and ability to hold to maturity. If the Group or the Company sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(iv) Financial investments available-for-sale
Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group and the Company commence to purchase or sell the asset. Interbank placements are recognised on settlement date. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income.

E FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of income in the period which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in other comprehensive income until the securities are derecognised or impaired at which time the cumulative gains or losses previously recognised in equity are recognised directly in the statement of income. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the statement of income in the period it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity is calculated using the effective interest method and is recognised in the statement of income. Dividends from available-for-sale equity instruments are recognised in the statement of income when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans is included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

(d) Reclassification of financial assets

The Group and the Company may choose to reclassify a non-derivative trading financial assets out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group and the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Company have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities become the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates prospectively.

Any previous gain or loss on that asset that has been recognised in other comprehensive income shall be accounted for as follows:

(i) In the case of a financial asset with a fixed maturity, the gain or loss shall be amortised to statement of income over the remaining life of the held-to-maturity investment using the effective interest method. Any difference between the new amortised cost and maturity amount shall also be amortised over the remaining life of the financial asset using the effective interest method, similar to the amortisation of a premium and a discount. If the financial asset is subsequently impaired, any gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with E(c).

(ii) In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognised in statement of income when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired any previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with E(c).

F FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

F FINANCIAL LIABILITIES (CONTINUED)

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Company accounting policy on derivatives is detailed in Note Q.

The financial liabilities measured at fair value through profit and loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial instruments, other than those held for trading, are classified as financial liabilities designated at fair value if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Company may designate financial instruments at fair value when the designation:

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income.

- applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and

- relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Company enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when either sold (assets) or extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, placements from investment accounts, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, sundry creditors, bonds and debentures, other borrowings, subordinated notes and redeemable preference shares.

G DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

H OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

I IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria that the Group and the Company use to determine whether there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan or financial investments held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These financial assets are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Company to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

(b) Assets classified as available-for-sale

The Group and the Company assess at each date of the statements of financial position whether there is objective evidence that the financial asset is impaired.

For debt securities, the Group and the Company use criteria and measurement of impairment loss applicable for "assets carried at amortised cost" above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income, the impairment loss is reversed through statement of income.

In the case of equity instruments classified as financial investments available-for-sale, in addition to the criteria for "assets carried at amortised cost" above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on financial investments available-for-sale has incurred, the cumulative loss that has been recognised directly in equity is removed from other comprehensive income and recognised in the statement of income. The amount of cumulative loss that is reclassified to the statement of income is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income. Impairment losses recognised in statement of income on equity instruments are not reversed through the statement of income.

J SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

K PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	40 years
Buildings on leasehold land 50 years or more	40 years or over the remaining period of the lease, whichever is shorter
Leasehold land	40 - 50 years or over the remaining period of the lease, whichever is shorter
Buildings on leasehold land less than 50 years	40 - 50 years or over the remaining period of the lease, whichever is shorter
Office equipment, furniture and fixtures	
- office equipment	3 - 5 years
- furniture and fixtures	5 - 10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment and software	
- servers and hardware	3 - 5 years
- ATM machine	5 - 10 years
Computer equipment and software under lease	3 - 5 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years
General plant and machinery	5 - 8 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

L INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties of the Company are stated at cost less accumulated depreciation and accumulated impairment loss. The freehold land is not depreciated. The buildings on freehold land are depreciated on a straight line bases over their estimated useful lives of 33.3 years.

At the Group level, investment properties of the Company are classified as property, plant and equipment as the properties are rented out to an entity within the Group.

Investment properties of the Group are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statements of income as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

M INTANGIBLE ASSETS

(a) Goodwill

Goodwill arising from business combination represents the excess of the cost of acquisition and the fair value of the Group's share of the net of identifiable assets of the acquired subsidiary. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates and joint arrangements respectively are included in investments in associates and joint arrangements. Such goodwill is tested for impairment as part of the overall balance.

(b) Other intangible assets

Other intangible assets are measured at fair value. Other intangible assets include customer relationships, core deposits, computer software and license and club debentures. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

M INTANGIBLE ASSETS (CONTINUED)

(b) Other intangible assets (Continued)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:	
- Credit card	12 years
- Revolving credit	4 - 5 years
- Overdraft	6 - 7 years
- Trade finance	5 years
Core deposits	8 - 20 years
Computer software	3 - 15 years
Club debentures	10 years

N ASSETS PURCHASED UNDER LEASE

(a) Finance lease

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Company are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property, plant and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to statement of income.

(b) Operating lease

Leasehold land

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Others

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statements of income on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

O ASSETS SOLD UNDER LEASE

(a) Finance lease

When assets are sold under a finance lease, the present value of the lease payments is recognised as a debtor. The difference between the gross debtor and the present value of the debtor is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(b) Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight line basis over the lease term.

P BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Company recognise the fair value of derivatives in statement of income immediately.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of future cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group and the Company document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income based on recalculated effective interest rate method over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains as part of the carrying amount until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of income.

R CURRENCY TRANSLATIONS

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated Financial Statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve-financial investments available-for-sale in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statements of financial position;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

S INCOME AND DEFERRED TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

S INCOME AND DEFERRED TAXES (CONTINUED)

Deferred income tax related to the fair value re-measurement of financial investments available-for-sale, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

T SHARE CAPITAL

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares and non-redeemable preference shares with discretionary dividends are recognised as a liability when the shareholders' right to receive the dividend is established.

(d) Repurchase, disposal and reissue of share capital (treasury shares)

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

U EMPLOYEE BENEFITS

(a) Short-term employee benefits

The Group and the Company recognise a liability and an expense for bonuses. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(b) Post employment benefits

The Group and the Company have various post employment benefit schemes. These benefits plans are either defined contribution or defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to the statement of income. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

U EMPLOYEE BENEFITS (CONTINUED)

(b) Post employment benefits (Continued)

Defined benefit plans

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost.

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting estimated future cash outflows using market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for are structuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share-based compensation benefits

Employee Ownership Plan ("EOP")

The Group operates an equity-settled, share-based compensation plan, where ordinary shares of the Company are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees ('the final release date'). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

V IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statements of comprehensive income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

W FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell and reported within "Other Assets".

X PROVISIONS

Provisions are recognised by the Group and the Company when all of the following conditions have been met:

(i) the Group and the Company have a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources to settle the obligation will be required; and
(iii) a reliable estimate of the amount of obligation can be made.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Y FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the Financial Statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amount determined in accordance with MFRS 137 "Provision, Contingent Liabilities and Contingent Assets", and the amount initially recognised less, when appropriate, accumulative amortisation recognised in accordance with MFRS 118 "Revenue". These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in the statement of income within overheads.

Z CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements maturing less than one month.

AA SEGMENT REPORTING

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

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

AB CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

AC NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE

Non-current assets/disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

AD TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the Financial Statements, as they are not assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	13,655,362	12,972,421	1,056	1,215
Money at call and deposit placements maturing within one month	15,663,468	20,490,396	58,517	1,862,859
	29,318,830	33,462,817	59,573	1,864,074

Included in the Group's cash and short-term funds is:

(i) Non-interest bearing statutory deposits of a foreign subsidiary of RM4,547,670,000 (2014: RM4,127,783,000) maintained with Bank Indonesia in compliance with their applicable legislation.

(ii) Monies held in trust in relation to the Group's stockbroking business:

	The Group	
	2015	2014
	RM'000	RM'000
Remisiers' trust balances	28,396	32,376

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	2015	2014
	RM'000	RM'000
Licensed banks	1,571,185	3,642,570
Licensed investment banks	47,590	119,220
Bank Negara Malaysia and other central banks	103,608	419,241
Other financial institutions	107,099	57,957
	1,829,482	4,238,988

4 FINANCIAL ASSET HELD FOR TRADING

	The Group	
	2015	2014
	RM'000	RM'000
Money market instruments:		
Unquoted:		
Malaysian Government securities	634,713	676,023
Cagamas bonds	45,925	9,970
Malaysian Government treasury bills	47,739	138,038
Bank Negara Malaysia monetary notes	20,914	3,662,375
Negotiable instruments of deposit	4,747,035	2,745,907
Bankers' acceptances and Islamic accepted bills	-	121,197
Commercial papers	506,398	151,700
Other Government's securities	5,671,778	5,081,737
Government investment issues	437,313	151,724
	12,111,815	12,738,671
Quoted securities:		
In Malaysia		
Shares	207,898	1,581,737
Outside Malaysia		
Shares	278,632	1,566,627
Private and Islamic debt securities	727,498	478,355
Other Government bonds	1,677,774	760,313
Investment linked funds	546,519	547,669
	3,438,321	4,934,701
Unquoted securities:		
In Malaysia		
Private and Islamic debt securities	1,761,728	2,540,888
Shares	1	6,716
Outside Malaysia		
Private and Islamic debt securities	3,211,017	3,447,364
Private equity funds	157,384	125,965
Unit trust	-	9,466
	5,130,130	6,130,399
Total financial assets held for trading	20,680,266	23,803,771

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	2015	2014
	RM'000	RM'000
Money market instruments:		
Unquoted:		
Malaysian Government Securities	457,708	527,247
Cagamas bonds	207,300	148,161
Khazanah bonds	328,709	553,937
Other Government securities	975,949	261,407
Other Government treasury bills	-	72,335
Government investment issues	496,811	2,519,145
Negotiable instruments of deposit	258,112	-
Malaysian Government Sukuk	44,168	19,750
Commercial papers	-	74,805
	2,768,757	4,176,787
Quoted securities:		
In Malaysia		
Shares	158,983	135,882
Unit trusts	-	1,534
Outside Malaysia		
Shares	82,235	83,154
Private and Islamic debt securities	2,456,271	1,771,630
Other Government bonds	5,218,530	5,116,797
Unit trusts	32,916	89,695
	7,948,935	7,198,692
Unquoted securities:		
In Malaysia		
Private and Islamic debt securities	13,944,324	14,240,932
Shares	1,113,614	1,082,338
Loan stocks	10,211	10,433
Property funds	325	183
Outside Malaysia		
Shares	55,384	51,414
Private equity funds	480,272	615,448
Private and Islamic debt securities	6,907,509	5,171,761
Loan stocks	1,930	1,783
	22,513,569	21,174,292
	33,231,261	32,549,771

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTINUED)

	The Group	
	2015	2014
	RM'000	RM'000
Allowance for impairment losses:		
Private debt securities	(60,306)	(64,924)
Private equity funds	(84,006)	(68,420)
Quoted shares	(69,283)	(15,988)
Quoted bonds	(64,877)	(5,565)
Unquoted shares	(174,683)	(97,528)
Unit trusts	(347)	(391)
Loan stocks	(10,211)	(10,433)
	(463,713)	(263,249)
	32,767,548	32,286,522

Included in financial investments available-for-sale of the Group are money market instruments and securities in the form of unit trusts managed by CIMB - Principal Asset Management Berhad on behalf of the Group amounting to RM4,616 million (2014: RM4,536 million).

The table below shows the movements in allowance for impairment losses during the financial year for the Group:

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	263,249	267,814
Net allowance made during the financial year	110,067	34,715
Disposal of securities	(2,647)	(40,321)
Exchange fluctuation	93,044	1,041
At 31 December	463,713	263,249

6 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Unquoted:				
Malaysian Government Securities	1,674,626	1,116,365	-	-
Cagamas bonds	267,966	201,076	-	-
Other government securities	1,419,211	796,713	-	-
Other government treasury bills	19,699	17,170	-	-
Malaysian Government investment issues	6,062,711	3,091,812	-	-
Bank Negara Malaysia monetary notes	2,558	9,732	-	-
Khazanah bonds	391,667	245,369	-	-
	9,838,438	5,478,237	-	-
Quoted securities:				
Outside Malaysia				
Private debt securities	2,909,060	2,742,483	-	-
Islamic bonds	7,797	122,495	-	-
Other Government bonds	1,531,991	1,059,133	-	-
Bank Indonesia certificates	248,058	158,898	-	-
	4,696,906	4,083,009	-	-
Unquoted securities:				
In Malaysia				
Private debt securities	10,526,121	7,625,544	2,002,540	-
Loan stocks	7,020	27,388	-	-
	10,533,141	7,652,932	2,002,540	-
Outside Malaysia				
Private debt securities	726,407	1,075,296	-	-
	25,794,892	18,289,474	2,002,540	-
Accretion of discount net of amortisation of premium	(23,150)	4,876	-	-
Less: Allowance for impairment losses	(12,573)	(32,789)	-	-
	25,759,169	18,261,561	2,002,540	-

In 2015, included in financial investments held-to-maturity of the Group are money market instruments and securities in the form of unit trusts managed by CIMB - Principal Asset Management Berhad on behalf of the Group amounting to RM1,008 million (2014: RM932 million).

The Group reclassified previously held financial investments available-to-sale to financial investments held-to-maturity. Given the long term nature of the holdings, the bonds were reclassified from financial investments available-to-sale to financial investments held-to-maturity as part of the Group's Asset Liability Management. It reflects the Group's positive intent and ability to hold them until maturity. The bonds were transferred at the prevailing mark-to-market prices.

6 FINANCIAL INVESTMENTS HELD-TO-MATURITY (CONTINUED)

The fair value and the carrying amount of the financial investments and the fair value loss in revaluation reserve-financial investments available-for-sale at the date of reclassification are RM4,477,287,000 (2014: RM659,540,000) and RM4,673,993,000 (2014: RM659,667,000) and RM196,706,000 (2014: RM127,000) respectively.

The fair value and carrying value of the financial investments as at 31 December 2015 are RM5,664,452,000 (2014: RM1,339,000,000) and RM5,665,760,000 (2014: RM1,344,000,000) respectively.

The fair value loss that would have been recognised in other comprehensive income if the financial investments had not been reclassified is RM764,000 (2014: fair value loss of RM7,124,000) for the Group.

As at 31 December 2015, the remaining unamortised fair value loss in revaluation reserve-financial investments available-for-sale amounting to RM194,144,000 (2014: RM1,209,000).

Included in the financial investments held-to-maturity of the Group as at 31 December 2014 were 10-year promissory notes of THB9 million which has matured in March 2015. The promissory notes were received from Thai Asset Management Corporation (“TAMC”) for settlement of impaired loans transferred by CIMB Thai to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans.

The table below shows the movements in allowance for impairment losses during the financial year for the Group:

	The Group	
	2015	2014
	RM’000	RM’000
At 1 January	32,789	32,872
Allowance written back during the financial year	(388)	(338)
Amount written off	(20,365)	-
Exchange fluctuation	540	255
At 31 December	12,573	32,789

7 DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding as at statements of financial position date, and do not represent amounts at risk.

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

	The Group			The Company		
		Fair values			Fair values	
	Principal amount	Assets	Liabilities	Principal amount	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Trading derivatives						
Foreign exchange derivatives						
Currency forwards	22,598,973	513,526	(1,028,858)	-	-	-
- Less than 1 year	18,382,140	394,157	(357,914)	-	-	-
- 1 year to 3 years	3,211,696	119,338	(327,348)	-	-	-
- More than 3 years	1,005,137	31	(343,596)	-	-	-
Currency swaps	169,278,538	2,549,979	(1,954,427)	-	-	-
- Less than 1 year	167,165,772	2,394,420	(1,905,419)	-	-	-
- 1 year to 3 years	2,021,981	122,259	(48,854)	-	-	-
- More than 3 years	90,785	33,300	(154)	-	-	-
Currency spots	3,698,680	3,929	(6,006)	-	-	-
- Less than 1 year	3,698,680	3,929	(6,006)	-	-	-
Currency options	6,791,662	298,646	(319,083)	-	-	-
- Less than 1 year	5,249,635	198,341	(215,634)	-	-	-
- 1 year to 3 years	500,340	16,335	(16,869)	-	-	-
- More than 3 years	1,041,687	83,970	(86,580)	-	-	-
Cross currency interest rate swaps	65,638,738	4,806,435	(5,467,534)	-	-	-
- Less than 1 year	15,885,861	583,349	(1,259,675)	-	-	-
- 1 year to 3 years	24,980,250	2,069,496	(2,450,869)	-	-	-
- More than 3 years	24,772,627	2,153,590	(1,756,990)	-	-	-
	268,006,591	8,172,515	(8,775,908)	-	-	-
Interest rate derivatives						
Interest rate swaps	451,862,590	2,263,420	(1,624,709)	500,000	74	-
- Less than 1 year	194,262,147	125,970	(139,295)	500,000	74	-
- 1 year to 3 years	132,036,362	662,449	(605,321)	-	-	-
- More than 3 years	125,564,081	1,475,001	(880,093)	-	-	-
Interest rate futures	7,948,164	2,673	(5,102)	-	-	-
- Less than 1 year	4,299,204	2,673	(2,307)	-	-	-
- 1 year to 3 years	3,434,349	-	(2,795)	-	-	-
- More than 3 years	214,611	-	-	-	-	-
Interest rate options	216,491	413	(2,213)	-	-	-
- Less than 1 year	155,677	-	(1,800)	-	-	-
- 1 year to 3 years	60,814	413	(413)	-	-	-
	460,027,245	2,266,506	(1,632,024)	500,000	74	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount	Fair values Assets	Fair values Liabilities	Principal amount	Fair values Assets	Fair values Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Equity related derivatives						
Equity futures	146,909	599	(626)	-	-	-
- Less than 1 year	146,909	599	(626)	-	-	-
Equity options	9,569,385	179,010	(265,215)	-	-	-
- Less than 1 year	2,906,866	158,391	(141,482)	-	-	-
- 1 year to 3 years	5,639,857	9,566	(112,829)	-	-	-
- More than 3 years	1,022,662	11,053	(10,904)	-	-	-
Equity swaps	683,337	2,867	(14,342)	-	-	-
- Less than 1 year	5,718	319	-	-	-	-
- 1 year to 3 years	61,605	1,208	(13,086)	-	-	-
- More than 3 years	616,014	1,340	(1,256)	-	-	-
	10,399,631	182,476	(280,183)	-	-	-
Commodity related derivatives						
Commodity options	2,456,172	300,144	(227,970)	-	-	-
- Less than 1 year	2,341,527	230,997	(203,924)	-	-	-
- 1 year to 3 years	114,645	69,147	(24,046)	-	-	-
Commodity swaps	1,723,092	514,369	(452,384)	-	-	-
- Less than 1 year	1,477,397	237,143	(221,302)	-	-	-
- 1 year to 3 years	245,695	277,226	(231,082)	-	-	-
Commodity futures	732,519	7,654	(60,370)	-	-	-
- Less than 1 year	721,352	7,654	(58,906)	-	-	-
- 1 year to 3 years	11,167	-	(1,464)	-	-	-
	4,911,783	822,167	(740,724)	-	-	-
Credit related contract						
Credit default swaps	7,658,804	89,669	(84,747)	-	-	-
- Less than 1 year	3,845,714	20,411	(19,440)	-	-	-
- 1 year to 3 years	2,248,053	49,758	(46,359)	-	-	-
- More than 3 years	1,565,037	19,500	(18,948)	-	-	-
Total return swaps	2,619,029	12,281	(19,394)	-	-	-
- Less than 1 year	2,087,629	4,663	-	-	-	-
- 1 year to 3 years	214,650	-	(10,686)	-	-	-
- More than 3 years	316,750	7,618	(8,708)	-	-	-
	10,277,833	101,950	(104,141)	-	-	-
Bond contract						
Bond forward	30,000	1,204	-	-	-	-
- More than 3 years	30,000	1,204	-	-	-	-
Hedging derivatives						
Interest rate swaps	28,900,011	59,976	(250,411)	-	-	-
- Less than 1 year	5,782,795	3,385	(6,792)	-	-	-
- 1 year to 3 years	8,072,341	14,670	(43,219)	-	-	-
- More than 3 years	15,044,875	41,921	(200,400)	-	-	-
Currency forward	-	(72)	72	-	-	-
- Less than 1 year	-	(72)	72	-	-	-
Currency swaps	2,797,900	9,079	(52,481)	-	-	-
- Less than 1 year	2,797,900	9,079	(52,481)	-	-	-
Cross currency interest rate swaps	4,655,246	93,048	(304,049)	-	-	-
- Less than 1 year	1,937,898	6,569	(34,813)	-	-	-
- 1 year to 3 years	916,857	39,256	(64,882)	-	-	-
- More than 3 years	1,800,491	47,223	(204,354)	-	-	-
	36,353,157	162,031	(606,869)	-	-	-
Total derivative assets/(liabilities)	790,006,240	11,708,849	(12,139,849)	500,000	74	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount	Fair values Assets	Fair values Liabilities	Principal amount	Fair values Assets	Fair values Liabilities
	RM'000 Restated	RM'000 Restated	RM'000 Restated	RM'000	RM'000	RM'000
2014						
Trading derivatives						
Foreign exchange derivatives						
Currency forwards	20,681,855	356,939	(357,014)	-	-	-
- Less than 1 year	17,560,152	306,288	(153,902)	-	-	-
- 1 year to 3 years	1,916,948	49,694	(71,808)	-	-	-
- More than 3 years	1,204,755	957	(131,304)	-	-	-
Currency swaps	142,878,690	1,304,368	(1,301,463)	-	-	-
- Less than 1 year	141,722,647	1,229,142	(1,292,228)	-	-	-
- 1 year to 3 years	846,165	46,244	(6,942)	-	-	-
- More than 3 years	309,878	28,982	(2,293)	-	-	-
Currency spots	6,177,249	2,995	(9,857)	-	-	-
- Less than 1 year	6,177,249	2,995	(9,857)	-	-	-
Currency options	5,317,174	47,724	(42,272)	-	-	-
- Less than 1 year	4,645,415	34,516	(29,679)	-	-	-
- 1 year to 3 years	488,553	8,075	(8,073)	-	-	-
- More than 3 years	183,206	5,133	(4,520)	-	-	-
Cross currency interest rate swaps	46,562,720	1,649,042	(1,663,874)	-	-	-
- Less than 1 year	10,055,874	151,249	(347,397)	-	-	-
- 1 year to 3 years	16,542,367	640,308	(632,659)	-	-	-
- More than 3 years	19,964,479	857,485	(683,818)	-	-	-
	221,617,688	3,361,068	(3,374,480)	-	-	-
Interest rate derivatives						
Interest rate swaps	336,177,615	2,134,460	(1,734,357)	500,000	478	-
- Less than 1 year	119,108,017	108,215	(123,630)	-	-	-
- 1 year to 3 years	108,492,608	510,567	(488,832)	500,000	478	-
- More than 3 years	108,576,990	1,515,678	(1,121,895)	-	-	-
Interest rate futures	1,640,898	2,096	(180)	-	-	-
- Less than 1 year	1,450,968	1,885	(180)	-	-	-
- 1 year to 3 years	189,930	211	-	-	-	-
Interest rate options	456,065	1,222	(7,665)	-	-	-
- Less than 1 year	351,298	964	(6,396)	-	-	-
- 1 year to 3 years	104,767	258	(1,269)	-	-	-
	338,274,578	2,137,778	(1,742,202)	500,000	478	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount	Fair values Assets	Fair values Liabilities	Principal amount	Fair values Assets	Fair values Liabilities
	RM'000 Restated	RM'000 Restated	RM'000 Restated	RM'000	RM'000	RM'000
2014						
Equity related derivatives						
Equity futures	1,367,538	8,795	(14,647)	-	-	-
- Less than 1 year	1,367,538	8,795	(14,647)	-	-	-
Equity options	7,114,019	233,718	(955,892)	-	-	-
- Less than 1 year	4,234,877	55,788	(395,595)	-	-	-
- 1 year to 3 years	1,854,926	13,736	(529,323)	-	-	-
- More than 3 years	1,024,216	164,194	(30,974)	-	-	-
Equity swaps	1,070,726	105,169	(28,543)	-	-	-
- Less than 1 year	64,466	12,631	-	-	-	-
- 1 year to 3 years	416,592	65,317	(19,428)	-	-	-
- More than 3 years	589,668	27,221	(9,115)	-	-	-
	9,552,283	347,682	(999,082)	-	-	-
Commodity related derivatives						
Commodity options	491,457	111,059	(22,839)	-	-	-
- Less than 1 year	315,601	9,499	(9,499)	-	-	-
- 1 year to 3 years	175,856	101,560	(13,340)	-	-	-
- More than 3 years	-	-	-			
Commodity swaps	2,557,153	1,020,245	(1,014,696)	-	-	-
- Less than 1 year	2,198,926	569,074	(567,433)	-	-	-
- 1 year to 3 years	358,227	451,171	(447,263)	-	-	-
- More than 3 years	-	-	-			
Commodity futures	10,656	34	(219)	-	-	-
- Less than 1 year	10,656	34	(219)	-	-	-
	3,059,266	1,131,338	(1,037,754)	-	-	-
Credit related contract						
Credit default swaps	5,336,170	58,510	(76,765)	-	-	-
- Less than 1 year	1,164,049	2,658	(3,431)	-	-	-
- 1 year to 3 years	2,926,168	48,011	(59,893)	-	-	-
- More than 3 years	1,245,953	7,841	(13,441)	-	-	-
Hedging derivatives						
Interest rate swaps	21,394,899	90,151	(261,556)	-	-	-
- Less than 1 year	1,459,768	33,704	(9,288)	-	-	-
- 1 year to 3 years	6,835,197	8,854	(27,804)	-	-	-
- More than 3 years	13,099,934	47,593	(224,464)	-	-	-
Currency forward	18,055	-	(53)	-	-	-
- Less than 1 year	18,055	-	(53)	-	-	-
Currency swaps	5,054,260	36,426	(141,369)			
- Less than 1 year	5,054,260	36,426	(141,369)	-	-	-
Cross currency interest rate swaps	3,483,815	19,806	(79,533)	-	-	-
- Less than 1 year	162,380	1,436	(4,403)	-	-	-
- 1 year to 3 years	2,103,854	15,861	(39,871)	-	-	-
- More than 3 years	1,217,581	2,509	(35,259)	-	-	-
	29,951,029	146,383	(482,511)	-	-	-
Total derivative assets/(liabilities)	607,791,014	7,182,759	(7,712,794)	500,000	478	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hedges

Fair value hedges are used by the Group and the Company to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates and foreign exchanges rates. The Group and the Company use non-derivative financial liability, interest rate swaps and cross-currency interest rate swaps to hedge against interest rate risk and foreign exchange risk of loans, subordinated obligations, negotiable instruments of deposits issued, bills and acceptance payables, bonds and investment in subsidiary. For designated and qualifying fair value hedges, the changes in fair value of hedging instrument and hedged item in relation to the hedged risk are recognised in the statement of income. If the hedge relationship is terminated, the cumulative adjustment to the carrying amount of the hedged item is amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognised, in which case, it is released to the statement of income immediately.

Included in the net non-interest income is the net gains and losses arising from fair value hedges during the financial year as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on hedging instruments*	304,898	(42,362)	(151,335)	(53,865)
(Loss)/Gain on the hedged items attributable to the hedged risk	(293,013)	38,124	151,335	53,865

* Hedging instrument includes non-derivative financial liabilities used to hedge foreign exchange risk from investment in subsidiary.

(ii) Net investment hedge

Currency swaps and non-derivative financial liabilities are used to hedge the Group's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the currency swaps and non-derivatives financial instruments are transferred to equity to offset against any gains or losses on translation of the net investment in foreign operations. The fair value changes of the hedging instruments attributable to the risk not designated as hedged in the hedging relationship was recognised in the statement of income during the year for the Group of RM46,255,658 (2014: RM49,831,495). No amounts were withdrawn from equity during the financial year as there was no disposal of foreign operations.

(iii) Cash flows hedge

Cash flow hedges are used by the Group to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group hedges cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2012, the Group has ceased cash flow hedge accounting. The cumulative gain remaining in equity as at 31 December 2015 is RM35,675 (2014: RM84,204).

The Group also hedge financial investment available-for-sale, senior bond and debentures issued and interbranch lending against foreign exchange and interest rate risks by using cross currency interest rate swaps. The notional amount of the outstanding cross currency interest rate swaps as at 31 December 2015 was RM3,497,544,382 (2014: RM2,738,683,057). Gains and losses of cross currency interest rate swaps recognised in the hedging reserve will be reclassified from equity to statement of income when the hedged cash flows affect profit or loss. Total gain of RM194,843 (2014: loss of RM116,689) was recognised in the statement of income for the financial year ended 31 December 2015 due to hedge ineffectiveness from cash flow hedges.

Table below shows the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss as at 31 December 2015:

	The Group				
	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1-5 years
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2015					
Cash inflows (assets)	239,585	204,929	149,151	1,008,967	1,427,818
Cash outflows (liabilities)	(11,321)	(1,023)	(153,265)	(430,681)	(468,442)
Net cash inflows	228,264	203,906	(4,114)	578,286	959,376
As at 31 December 2014					
Cash inflows (assets)	1,152	8,202	6,819	75,067	2,255,427
Cash outflows (liabilities)	(11,312)	(813)	(12,164)	(1,886)	(844,509)
Net cash (outflows)/inflows	(10,160)	7,389	(5,345)	73,181	1,410,918

8 LOANS, ADVANCES AND FINANCING

(i) By type:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Overdrafts	5,504,852	5,596,931	-	-
Term loans/financing				
- Housing loans/financing	73,580,261	64,424,328	-	-
- Syndicated term loans	17,030,250	14,610,622	-	-
- Hire purchase receivables	20,443,916	19,220,193	-	-
- Lease receivables	166,884	111,666	-	-
- Factoring receivables	48,114	25,529	-	-
- Other term loans/financing	112,553,750	96,324,632	-	-
Bills receivable	6,463,208	10,778,037	-	-
Trust receipts	2,008,748	1,395,282	-	-
Claims on customers under acceptance credits	4,498,597	4,573,768	-	-
Staff loans [of which RM19,773,766 (2014: RM11,660,165) are to Directors]	1,094,875	896,023	-	40
Credit card receivables	8,842,990	7,575,611	-	-
Revolving credits	43,930,344	37,354,876	-	-
Share margin financing	1,652,830	1,752,933	-	-
Other loans	2,525	3,658	-	-
Gross loans, advances and financing	297,822,144	264,644,089	-	40
Fair value changes arising from fair value hedge	164,694	136,079	-	-
	297,986,838	264,780,168	-	40
Less: Allowance for impairment losses				
- Individual impairment allowance	(4,256,108)	(3,591,249)	-	-
- Portfolio impairment allowance	(3,435,066)	(3,174,060)	-	-
	(7,691,174)	(6,765,309)	-	-
Total net loans, advances and financing	290,295,664	258,014,859	-	40

(a) Included in the Group's loans, advances and financing balances are RM47,172,000 (2014: RM49,684,000) 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 was done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken a fair value hedge on the interest rate risk of RM4,879,641,000 (2014: RM8,119,997,000) loans, advances and financing using interest rate swaps.

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ii) By type of customer

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Domestic banking financial institutions	383,801	1,691,259	-	-
Domestic non-bank financial institutions				
- Stockbroking companies	-	13,224	-	-
- Others	3,100,402	3,189,524	-	-
Domestic business enterprises				
- Small medium enterprises	45,847,011	44,009,610	-	-
- Others	55,572,380	45,871,410	-	-
Government and statutory bodies	8,852,539	8,854,267	-	-
Individuals	142,293,811	125,997,751	-	40
Other domestic entities	3,223,190	2,589,715	-	-
Foreign entities	38,549,010	32,427,329	-	-
Gross loans, advances and financing	297,822,144	264,644,089	-	40

(iii) By interest/profit rate sensitivity

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	2,153,840	1,803,982	-	-
- Hire-purchase receivables	10,497,253	11,761,686	-	-
- Other fixed rate loans	41,669,712	39,630,807	-	40
Variable rate				
- BLR plus	145,038,101	135,903,034	-	-
- Cost plus	36,282,400	33,750,957	-	-
- Other variable rates	62,180,838	41,793,623	-	-
Gross loans, advances and financing	297,822,144	264,644,089	-	40

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iv) By economic purposes:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personal use	10,608,392	8,748,136	-	2
Credit card	8,842,990	7,575,611	-	-
Purchase of consumer durables	109,330	594,930	-	-
Construction	9,580,644	8,199,486	-	-
Residential property (Housing)	75,495,049	66,248,029	-	38
Non-residential property	25,170,510	20,636,518	-	-
Purchase of fixed assets other than land and building	15,919,886	15,761,176	-	-
Mergers and acquisitions	3,617,161	5,288,961	-	-
Purchase of securities	27,168,120	19,708,117	-	-
Purchase of transport vehicles	23,296,590	21,338,114	-	-
Working capital	79,417,645	74,273,300	-	-
Other purpose	18,595,827	16,271,711	-	-
Gross loans, advances and financing	297,822,144	264,644,089	-	40

(v) By geographical distribution:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	166,318,991	152,603,608	-	40
Indonesia	59,624,809	53,923,410	-	-
Thailand	28,957,926	22,799,336	-	-
Singapore	30,168,540	21,895,630	-	-
China	2,116,292	5,996,529		
United Kingdom	1,092,339	1,196,457	-	-
Hong Kong	1,197,214	630,926	-	-
Other countries	8,346,033	5,598,193	-	-
Gross loans, advances and financing	297,822,144	264,644,089	-	40

(vi) By residual contractual maturity:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Within one year	68,475,753	69,042,090	-	-
One year to less than three years	36,627,785	23,881,021	-	2
Three years to less than five years	35,403,399	33,216,713	-	-
Five years and more	157,315,207	138,504,265	-	38
Gross loans, advances and financing	297,822,144	264,644,089	-	40

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) Impaired loans, advances and financing by economic purpose:

	The Group	
	2015	2014
	RM'000	RM'000
Personal use	265,698	312,471
Credit card	168,730	114,462
Purchase of consumer durables	228	5,657
Construction	1,335,050	1,222,102
Residential property (Housing)	1,436,177	1,479,522
Non-residential property	214,972	214,681
Purchase of fixed assets other than land and building	911,108	876,447
Purchase of securities	186,946	175,342
Purchase of transport vehicles	393,839	422,123
Working capital	3,450,245	2,565,699
Other purpose	718,766	794,183
Gross impaired loans	9,081,759	8,182,689

(viii) Impaired loans, advances and financing by geograhical distribution:

	The Group	
	2015	2014
	RM'000	RM'000
Malaysia	3,735,122	4,016,830
Indonesia	3,750,452	2,491,905
Thailand	1,352,567	1,437,752
Singapore	112,545	44,657
China	64,860	95,775
United Kingdom	2,838	3,982
Other countries	63,375	91,788
Gross impaired loans	9,081,759	8,182,689

(ix) Movements in the impaired loans, advances and financing are as follows:

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	8,182,689	7,393,269
Classified as impaired during the financial year	5,188,677	4,672,395
Reclassified as not impaired during the financial year	(1,789,331)	(1,782,815)
Amount written back in respect of recoveries	(1,086,947)	(873,740)
Amount written off	(1,479,247)	(1,461,339)
Sale of impaired loans	(337,401)	-
Exchange fluctuation	403,319	234,919
At 31 December	9,081,759	8,182,689
Ratio of gross impaired loans to gross loans, advances and financing	3.05%	3.09%

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	The Group	
	2015	2014
	RM'000	RM'000
Individual impairment allowance		
At 1 January	3,591,249	3,005,066
Net allowance made during the financial year	1,053,963	952,176
Amount written off	(664,920)	(458,740)
Allowance written back and charged to deferred assets	-	(2,735)
Amount transferred from portfolio impairment allowance	(6,876)	3,160
Allowance for impaired loan disposed to third party	(42,825)	-
Unwinding income	6,384	(2,626)
Exchange fluctuation	319,133	94,948
At 31 December	4,256,108	3,591,249
Portfolio impairment allowance		
At 1 January	3,174,060	3,261,224
Net allowance made during the financial year	1,411,219	887,551
Amount transferred from individual impairment allowance	6,876	(3,160)
Amount written off	(1,128,204)	(982,482)
Allowance made and charged to deferred assets	-	381
Unwinding income	(40,662)	(33,195)
Allowance for impaired loan disposed to third party	(85,802)	-
Exchange fluctuation	97,579	43,741
At 31 December	3,435,066	3,174,060
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	1.56%	1.49%

9 OTHER ASSETS

		The Group		The Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Due from brokers and clients net of allowance for impairment losses of RM37,018,490 (2014: RM18,819,223)	(a)	3,709,795	4,090,027	-	-
Other debtors, deposits and prepayments net of allowance for doubtful debts of RM122,772,317 (2014: RM108,515,210)	(b)	4,184,508	3,872,575	440	13,764
Due from insurers, brokers and reinsurers		3,556	3,768	-	-
Structured financing		2,279,166	202,040	-	-
Foreclosed properties net of allowance for impairment losses of RM50,739,428 (2014: RM65,922,223)	(c)	404,142	356,826	-	-
Collateral pledged for derivative transactions		5,383,721	2,796,901	-	-
Due from joint venture	(d)	1,237,928	1,189,074		-
Collateral for securities lending		463,326	-	-	-
		17,666,142	12,511,211	440	13,764

(a) Movements of allowance for impairment losses on amount due from brokers and clients are as follows:

	The Group					
	2015			2014		
	Individual impairment allowance	Portfolio impairment allowance	Total	Individual impairment allowance	Portfolio impairment allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	10,872	7,947	18,819	14,766	6,884	21,650
Net allowance made/(write back) during the financial year	15,716	(276)	15,440	3,146	1,121	4,267
Disposal of subsidiary	-	(100)	(100)	(7,102)	-	(7,102)
Write off	(109)	-	(109)	(128)	-	(128)
Transfer to other debtors	(27)	-	(27)	(325)	-	(325)
Exchange fluctuation	2,995	-	2,995	515	(58)	457
At 31 December	29,447	7,571	37,018	10,872	7,947	18,819

9 OTHER ASSETS (CONTINUED)

(b) Movements of allowance for doubtful debts on other debtors, deposits and prepayments are as follows:

	The Group	
	2015	2014
	Individual impairment allowance	Individual impairment allowance
	RM'000	RM'000
At 1 January	108,515	99,989
Allowance made during the financial year	14,313	9,349
Recoveries	-	(42)
Write off	(2,530)	(247)
Transfer from amount due from brokers	27	325
Disposal of subsidiaries	-	(600)
Exchange fluctuation	2,447	(259)
At 31 December	122,772	108,515

(c) Foreclosed properties are stated at lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2015. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

(d) These comprises hire-purchase receivables belonging to Proton Commerce Sdn. Bhd. ("PCSB") that were de-recognised from the Group's loans, advances and financing as the risks and rewards relating to the cash flows of these hire-purchase receivables have been substantially transferred to PCSB. The derecognised hire-purchase receivables are regarded as amount due from joint venture.

10 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	366,653	272,587	-	-
Deferred tax liabilities	(22,260)	(51,569)	(277)	(448)
	344,393	221,018	(277)	(448)

10 DEFERRED TAXATION (CONTINUED)

The gross movements on the deferred taxation account are as follows:

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance	Accelerated tax depreciation	Revaluation reserve-financial investments available-for-sale	Other temporary differences	Intangible assets	Provision for expenses	Cash flow hedge	Post employment benefit obligations	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)										
At 1 January 2015		101,561	(137,064)	(52,476)	57,466	(172,670)	340,823	3,142	80,236	221,018
Credited/(charged) to statements of income	41	2,880	24,544	(1,586)	15,838	24,626	5,020	-	(3,390)	67,932
Over/(under) accrual in prior year		1,640	36,616	-	8,046	-	(24,878)	-	-	21,424
Transferred to equity		-	-	6,676	2,519	-	-	5,278	2,442	16,915
Acquisition of subsidiaries		-	(9,500)	-	392	-	-	-	(1)	(9,109)
Exchange difference		6,307	(2,381)	892	16,816	1	5,499	177	(1,098)	26,213
At 31 December 2015		112,388	(87,785)	(46,494)	101,077	(148,043)	326,464	8,597	78,189	344,393

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance	Accelerated tax depreciation	Revaluation reserve-financial investments available-for-sale	Other temporary differences	Intangible assets	Provision for expenses	Cash flow hedge	Post employment benefit obligations	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)										
At 1 January 2014		99,313	(146,546)	2,238	104,793	(199,889)	380,262	2,953	63,299	306,423
Credited/(charged) to statements of income	41	(5,174)	8,460	544	(44,888)	27,924	(38,990)	-	12,644	(39,480)
Acquisition/(disposal) of subsidiary		-	-	-	(293)	-	-	-	-	(293)
(Under)/over accrual in prior year		3,668	915	-	(16,485)	(705)	1,536	-	-	(11,071)
Transferred to equity		-	-	(55,210)	2,421	-	-	189	2,500	(50,100)
Exchange difference		3,754	107	(48)	11,918	-	(1,985)	-	1,793	15,539
At 31 December 2014		101,561	(137,064)	(52,476)	57,466	(172,670)	340,823	3,142	80,236	221,018

10 DEFERRED TAXATION (CONTINUED)

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
Loans, advances and financing	112,388	101,561	-	-
Financial investments available-for-sale	69,144	43,857	-	-
Unutilised tax losses	7,914	7,737	-	-
Post employment benefits obligations	78,189	80,236	-	-
Provision for accrued expenses	326,464	340,823	83	9
Cash flow hedge	8,597	3,142	-	-
Property, plant and equipment	7,860	13,966	-	-
EOP reserves	12,875	9,828	-	-
Intangible assets	12	-	-	-
Other temporary differences	80,814	34,352	-	-
	704,257	635,502	83	9
Offsetting	(337,604)	(362,915)	(83)	(9)
Deferred tax assets (after offsetting)	366,653	272,587	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(95,645)	(146,892)	(342)	(338)
Financial investments available-for-sale	(115,638)	(96,333)	-	-
Intangible assets	(148,055)	(172,670)	-	-
Other temporary differences	(526)	1,411	(18)	(119)
	(359,864)	(414,484)	(360)	(457)
Offsetting	337,604	362,915	83	9
Deferred tax liabilities (after offsetting)	(22,260)	(51,569)	(277)	(448)

11 STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by certain subsidiaries with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of a foreign subsidiary and foreign branches of the bank subsidiary are maintained with respective central banks in compliance with the applicable legislation.

12 INVESTMENT IN SUBSIDIARIES

	The Company	
	2015	2014
	RM'000	RM'000
Ordinary shares	7,336,383	7,336,383
Redeemable preference shares*	19,859,897	16,825,099
	27,196,280	24,161,482
Fair value changes arising from fair value hedge	205,200	53,865
	27,401,480	24,215,347
Less: Allowance for impairment loss of a subsidiary	(1,275)	(1,275)
	27,400,205	24,214,072

* Classified as cost of investment in subsidiaries due to the terms of the instruments

The Company has undertaken fair value hedge on its investment in CIMB Securities International Pte. Ltd. ("CSI"). The fair value hedge on CSI is accounted for as net investment hedge at Group level.

(a) Information about principal subsidiaries:

The direct subsidiaries of the Company are:

		Percentage of equity held	
Name of Subsidiary	Principal activities	2015	2014
		%	%
CIMB Berhad	Investment holding	100	100
CIMB Group Sdn. Bhd.	Investment holding	99.9	99.9
Commerce MGI Sdn. Bhd.	Dormant	51	51
Commerce Asset Realty Sdn. Bhd.	Holding of properties for letting to a related company	100	100
iCIMB (MSC) Sdn. Bhd.	Provision of management and outsourcing services	100	100
SBB Berhad	Dormant	100	100
CIMB Foundation[∞]	Charitable foundation	-	-
Premier Fidelity Sdn. Bhd.	Promoting, arranging and managing all kinds of sports and entertainment events of the Group	100	100
SP Charitable Trust Fund[∞ #]	Special purpose vehicle	-	-
SP Charitable Trust Fund 2[∞ #]	Special purpose vehicle	-	-

∞ Consolidated in the Group as the substance of the relationship between the entities and the Company indicates that the entities are controlled by the Company

\# Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMB Berhad are:

		Percentage of equity held			
		Directly by CIMB Berhad		Indirectly by the company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Islamic Trustee Berhad	Trustee services	20	20	100	100
CIMB Commerce Trustee Berhad	Trustee services	20	20	100	100

The subsidiaries held through CIMB Group Sdn. Bhd. ("CIMBG") are:

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Bank Berhad ("CIMB Bank")	Commercial banking and related financial services	99.9	99.9	-	-
CIMB Investment Bank Berhad ("CIMB Investment Bank")	Investment banking and the provision of related financial services	100	100	-	-
PT Bank CIMB Niaga Tbk+ (Incorporated in the Republic of Indonesia)	Commercial banking and related financial services	97.9	96.9	1.0	1.0
PT Commerce Kapital# (Incorporated in the Republic of Indonesia)	Investment holding	99.0	99.0	1.0	1.0
CIMB SI Sdn. Bhd.	Trading in securities and direct principal investments	100	100	-	-
CIMB SI I Sdn. Bhd.	Investment holding	-	-	100	100
CIMB SI II Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity 1 Sdn. Bhd.&	Investment holding	-	-	28.2	28.2
Ekuiti Erasama Sdn. Bhd.&	Investment holding	-	-	19.7	19.7
Bigbite Ventures Sdn. Bhd.&	Investment holding	-	-	20.1	20.1
Top Sigma Sdn. Bhd.&	Investment holding	-	-	20.1	20.1
Maju Uni Concept Sdn. Bhd.	Investment holding	-	-	100	100
Mutiara Makmur Ventures Sdn. Bhd.	Investment holding	-	-	100	100
CIMB Asia Security (General Partner) Limited (formerly known as Semantan Investment Holdings Ltd.)	Investment holding	-	-	100	100
Armada Investment Holdings Ltd. (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	84.8	84.8
CIMB General Partner Limited (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	100
CIMB Securities International Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Investment holding	100	100	-	-
CIMB Securities (Singapore) Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Stock and sharebroking	-	-	100	100

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG are (Continued):

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Research Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Investment research	-	-	100	100
CIMB Securities (UK) Ltd.+ (Incorporated in the United Kingdom)	Securities related business	-	-	100	100
CIMB Securities (USA) Inc.# (Incoporated in the United States of America)	Dormant	-	-	100	100
CIMB Securities Ltd.+ (Incorporated in Hong Kong)	Securities broking, dealing and trading	-	-	100	100
CIMB Securities (HK) Nominees Ltd.+ (Incorporated in Hong Kong)	Nominee services	-	-	100	100
PT CIMB Securities Indonesia+ (Incorporated in the Republic of Indonesia)	Stockbroking	-	-	100	100
CIMB Real Estate Sdn. Bhd.	Real estate investment	100	100	-	-
CIMB-Mapletree Management Sdn. Bhd.	Real estate fund management	-	-	60	60
CIMB-Principal Asset Management Berhad	Establishment and management of unit trust fund and fund management business	60	60	-	-
CIMB-Principal Asset Management Company Limited+ (Incorporated in the Kingdom of Thailand)	Investment and fund management and other related services	-	-	60	60
Sathorn Asset Management Company Limited+ (Incorporated in the Kingdom of Thailand)	Asset Management	-	-	99.9	99.9
CIMB Principal Asset Management (S) Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Provision of management and investment analysis services	-	-	60	60
PT CIMB-Principal Asset Management+ (Incorporated in the Republic of Indonesia)	Establishment and management of unit trust fund and fund management business	-	-	59.4	59.4
CIMB Wealth Advisors Berhad	Distribution of unit trust funds	-	-	60	60
i-Wealth Advisors Sdn. Bhd.	Provision of management services and distribution of products and services	60	60	-	-
CIMB Strategic Assets Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity Advisors Sdn. Bhd.	Investment advisory	100	100	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG are (Continued):

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
AIGF Advisors Pte. Ltd.[@+] (formerly known as CIMB Capital Pte. Ltd.) (Incorporated in the Republic of Singapore)	Investment holding	-	-	-	100
CIG Berhad	Insurance holding company	100	100	-	-
PT CIMB Sun Life[+] (Incorporated in the Republic of Indonesia)	Life assurance business	-	-	51	51
Commerce Asset Ventures Sdn. Bhd. ("CAV")	Investment holding company	100	100	-	-
Southeast Asia Special Asset Management Berhad	To invest in, purchase or otherwise acquire and deal with non-performing loans, credit and financing facilities or debts	100	100	-	-
CAV Private Equity Management Sdn. Bhd.	Providing management, financial,corporate and advisory services	-	-	100	100
Commerce Technology Ventures Sdn. Bhd.	Investment holding company	-	-	100	100
VC Prestige Sdn. Bhd.[^]	Investment trading	-	-	33.3	33.3
Commerce Agro Ventures Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
CAV BAT Sdn. Bhd.	Investment holding company	-	-	100	100
Commerce Growth Sdn. Bhd.[^]	Investment holding company	-	-	-	100
Edufuture Sdn. Bhd.	Investment holding company	-	-	30	30
Metro Bumimas Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Sedia Fajar Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Peranan Dinamik Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Pesat Dinamik Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Prima Mahawangsa Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Tetap Fajar Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Commerce-KPF Ventures Sdn. Bhd.	Investment holding company	-	-	30	30
Touch 'n Go Sdn. Bhd.	Establishment, operation and management of an electronic collection system for toll and transport operators	-	-	32.2	32.2
Commerce KNB Agro Teroka Sdn. Bhd.[&]	Investment holding company	-	-	33.3	33.3
Kota Bumimas Sdn. Bhd.[&]	Investment holding company	-	-	33.3	33.3
Jernih Hartamas Sdn. Bhd.[&]	Investment holding company	-	-	33.3	33.3
Limpahan Suria Sdn. Bhd.[&]	Investment holding company	-	-	33.3	33.3
Lot A Sentral Sdn. Bhd.	Property investment	-	-	100	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG are (Continued):

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Middle East BSC+ (Incorporated in the Kingdom of Bahrain)	Islamic investment	99	99	1	1
CIMB-Trustcapital Advisors Singapore Pte. Ltd.# (Incorporated in the Republic of Singapore)	Real estate management and advisory	-	-	63	63
CIMB-TCA Australia Pty. Ltd.+ (Incorporated in Australia)	Investment management company for investment holding Trusts	-	-	63	63
CIMBTCA Pty. Ltd.+ (Incorporated in Australia)	Investment holding company	-	-	63	63
CIMBTCA3 Pty. Ltd.+ (Incorporated in Australia)	Investment holding company	-	-	63	63
CIMBTCA Bravo Pty. Ltd.+ (Incorporated in Australia)	Real estate ownership	-	-	63	63
CIMBTCA Lima Pty. Ltd.+ (Incorporated in Australia)	Real estate ownership	-	-	63	63
CIMB-Trustcapital AOF1 GP Pte. Ltd.# (Incorporated in the Republic of Singapore)	Property fund management (including REIT manager)	-	-	100	100
CIMB Southeast Asia Research Sdn. Bhd. (CARI)	Public advocacy through research, publication and events.	100	100	-	-
PT CIMB ASEAN Research# (Incorporated in the Republic of Indonesia)	Public advocacy through research, publication and events.	-	-	100	100
PT KIG# (Incorporated in the Republic of Indonesia)	Management consultancy	-	-	100	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG are (Continued):

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Securities (Thailand) Co., Ltd.+ (Incorporated in the Kingdom of Thailand)	Stock and share broking	-	-	99.99	99.99
PT CIMB Futures Indonesia (Incorporated in Indonesia)	Stockbroking business	-	-	95	95
PT KIG (Incorporated in Indonesia)	Management consultancy	-	-	100	-
CIMB Securities (Australia) Limited+ (Incorporated in Australia)	Stock and share broking	-	-	100	100
CIMB Capital Markets (Australia) Limited+ (Incorporated in Australia)	Equity capital markets business	-	-	100	100
Fleet Nominees Pty. Ltd.+	Nominee services	-	-	100	100
Quinambo Nominees Pty. Ltd.+	Nominee services	-	-	100	100
Wanford Nominees Pty. Ltd.+	Nominee services	-	-	100	100
CIMB Corporate Finance (India) Private Limited+ (Incorporated in India)	Corporate finance and advisory services	-	-	100	100
CIMB Securities (India) Private Limited+ (Incorporated in India)	Stock and share broking	-	-	75	75
CSI Investment Limited+ (Incorporated in the Republic of Singapore)	Investment holding company	-	-	100	100

& Deemed a subsidiary by virtue of board control over the company's financial and operating policies
@ Transferred to CIMB-MC Capital Ltd., an joint venture set up in 2014, during the financial year
# Audited by a firm other than member firms of PricewaterhouseCoopers International Limited
+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia
^ Disposed/strike off during the financial year

All the above subsidiaries, unless otherwise stated, are incorporated in Malaysia.

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Investment Bank are:

		Percentage of equity held			
		Directly by CIMB Investment Bank		Through CIMB Investment Bank's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Holdings Sdn. Bhd.	Investment holding	100	100	-	-
CIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB EOP Management Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Futures Sdn. Bhd.	Futures broking	100	100	-	-
CIMB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Commerce Trustee Berhad	Trustee services	-	-	20	20
CIMB Islamic Trustee Berhad	Trustee services	-	-	20	20

All the above subsidiaries, unless otherwise stated, are incorporated in Malaysia.

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are:

		Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Islamic Trustee Berhad	Trustee services	20	20	40	40
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Mutiara Aset Berhad	Dormant	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of management and outsourcing services	100	100	-	-
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Semerak Services Sdn. Bhd.	Provision of security, maintenance and other related services	100	100	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are (Continued):

		Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
CIMB Trust Ltd. (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
CIMB Private Equity General Partner Limited# (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
CIMB Mezzanine General Partner Limited# (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
Mezzanine Capital Ltd. (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	100
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Nominee services	-	-	100	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn. Bhd.^	Nominee services	100	100	-	-
CIMB Nominees (S) Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Nominee services	100	100	-	-
Southern Asia Special Asset Vehicle Limited (formerly known as SBB Capital Corporation)	Special purpose vehicle	100	100	-	-
SFB Auto Berhad	Dormant	100	100	-	-
CIMB Bank PLC+ (Incorporated in Cambodia)	Commercial banking and related financial services	100	100	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are (Continued):

		Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary company	
Name of Subsidiary	Principal activities	2015	2014	2015	2014
		%	%	%	%
CIMB Commerce Trustee Berhad	Trustee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
SIBB Berhad	Investment dealings	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	80	80
Commerce Returns Berhad∞	Special purpose vehicle	100	100	-	-
CIMB Thai Bank Public Company Limited+ (Incorporated in the Kingdom of Thailand)	Banking	93.7	93.7	-	-
Merdeka Kapital Berhad**	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	-	-	-	-

** Consolidation of the silo of Merdeka Kapital Berhad
In 2011, CIMB Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad ("MKB"), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 "Consolidated Financial Statements" in 2013, CIMB Bank has consolidated the silo of MKB in relation to CIMB Bank's hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia

∞ Consolidated in the Group as the substance of the relationship between the entities and the Company indicates that the entities are controlled by the Company

^ Company has been voluntarily liquidated during the financial year

In the process of liquidation

All the above subsidiaries, unless otherwise stated, are incorporated in Malaysia.

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through PT Bank CIMB Niaga Tbk are:

Name of Subsidiary	Principal activities	Percentage of equity held 2015	2014
		%	%
PT CIMB Niaga Auto Finance+ (Incorporated in the Republic of Indonesia)	Financing services	99.9	99.9
PT Kencana Internusa Artha Finance+ (Incorporated in the Republic of Indonesia)	Financing services	99.9	99.9

The subsidiaries held through CIMB Thai Bank Public Company Limited are:

Name of Subsidiary	Principal activities	Percentage of equity held 2015	2014
		%	%
CT Coll Co., Ltd.+ (Incorporated in the Kingdom of Thailand)	Debt Collection Service	99.99	99.99
Center Auto Lease Co.,Ltd.+ (Incorporated in the Kingdom of Thailand)	Leasing/hire purchase	99.99	99.99
Worldlease Co., Ltd.+ (Incorporated in the Kingdom of Thailand)	Hire purchase of motorcycles	99.99	99.99
Krungthai Thanakit Finance PCL# (Incorporated in the Kingdom of Thailand)	Dormant	99.10	99.10
PT Pattanasup Company Limited# (Incorporated in the Kingdom of Thailand)	Dormant	99.93	99.93

\+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

\# In the process of liquidation

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia.

(b) Details of subsidiaries that have material non-controlling interests:

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests 2015	2014	Profit allocated to non-controlling interests 2015	2014	Accumulated non-controlling interests 2015	2014
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited Group (Incorporated in the Kingdom of Thailand)	6.3	6.3	3,259	7,178	385,587	336,893
CIMB-Principal Asset Management Berhad Group	40.0	40.0	36,598	26,483	315,255	277,335
PT Bank CIMB Niaga Tbk Group (Incorporated in the Republic of Indonesia)	2.1	2.1	2,554	26,334	190,911	172,052
Touch 'n Go Shd. Bhd.	47.8	47.8	8,085	8,126	57,791	50,007
Individually immaterial subsidiaries with non-controlling interests					32,306	(5,600)
					981,850	830,687

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries that have material non-controlling interests (Continued):

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	CIMB Thai Bank Public Company Limited Group		CIMB-Principal Asset Management Berhad Group		PT Bank CIMB Niaga Tbk Group		Touch 'n Go Sdn. Bhd.	
(RM'000)	2015	2014	2015	2014	2015	2014	2015	2014
Total assets	36,199,927	29,180,235	1,667,345	1,005,283	74,335,034	65,677,958	894,917	505,209
Total liabilities	(32,984,326)	(26,713,246)	(878,963)	(311,300)	(65,425,281)	(57,680,966)	(769,465)	(396,594)
Net assets	3,215,601	2,466,989	788,972	693,983	8,909,753	7,996,992	125,452	108,615
Equity attributable to owners of the Company	(3,215,601)	(2,466,989)	(611,115)	(552,724)	(8,909,509)	(7,996,785)	(125,452)	(108,615)
Non-controlling interests ("NCI")	-	-	(177,857)	(141,259)	(244)	(207)	-	-
Revenue	1,467,973	1,087,457	280,192	229,843	3,983,628	3,714,969	108,042	92,151
Profit before taxation	87,157	140,214	103,359	80,401	166,139	882,772	28,989	22,761
Taxation	(35,221)	(25,392)	(11,863)	(14,194)	(41,423)	(236,220)	(12,067)	(5,754)
Other comprehensive income	277,757	149,864	3,306	186	807,562	440,491	-	-
Total comprehensive income	329,693	264,686	94,802	66,393	932,278	1,087,043	16,922	17,007
Net cash generated/ (used in) from operating activities	(2,417,554)	576,546	400,078	133,439	2,541,767	(324,188)	87,807	38,720
Net cash (used in)/ generated from investing activities	102,496	(407,848)	(59,857)	(21,335)	(699,196)	(868,135)	(11,207)	555
Net cash generated (used in)/from financing activities	2,262,850	(312,933)	38,241	(796)	(1,417,168)	(441,774)	40,358	-
Net (decrease)/increase in cash and cash equivalents	(52,208)	(144,235)	378,462	111,308	425,403	(1,634,097)	116,958	39,275
Profit allocated to NCI of the Group	3,259	7,178	36,598	26,483	2,554	26,334	8,085	8,126
Dividends paid to NCI of the Group	1,067	1,312	-	-	-	-	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Effects of changes in ownership interests in subsidiaries that do not result in loss of control

On 28 February 2014, PT Bank CIMB Niaga Tbk acquired additional 48.9% equity interest in PT Kencana Internusa Artha Finance ("KITA Finance") for a cash consideration of IDR 131,236 million (equivalent to RM36.4 million). As a result of this acquisition, the Group's equity interest in KITA Finance was increased to 99.9%. The carrying value of the net assets of KITA Finance as at 28 February 2014 was IDR 195,325 million (equivalent to RM55.1 million).

The effect of the change in the Group's ownership interest in KITA Finance on the equity attributable to owners of the Group is as follows:

	28-Feb-14
	RM'000
Carrying amount of non-controlling interests acquired	26,348
Consideration paid for acquisition of non-controlling interests	(36,417)
Excess of consideration paid recognised in equity attributable to owners of the Group	(10,069)

(d) Unconsolidated structured entities

(i) Nature, purpose and extent of the Group's interest in unconsolidated structure entities

Investment Purposes

(1) Investment Vehicle 1

The Group's involvement in unconsolidated structured entities ("USE") for investment purposes are typically in the capacity of an investor with limited liability and no management control, with a view to invest in the USE's business model which may include trading strategies on various asset classes such as interest rate futures on major liquid currencies. The Group earns a share of profits which are typically distributed in proportion to each capital provider's share in the USE, while additional capital support may be required if the USE is loss-making.

(2) Investment Vehicle 2

CIMB Bank's involvement in USE is for investment purposes with a view to invest in the USE's profit participation scheme ("PPS") as principal and on-sell to other investors. The PPS will be used to fund USE's purchase of the rights to all the present and future cashflows of dividends and other shareholders' distribution (the "Dividends") of the underlying assets. CIMB Bank earns a fixed payout amount per annum against its invested amount and the cashflows from the Dividends in accordance with a pre-agreed order of priority as set out in the terms of the PPS and will expire upon the final payment of the cashflows.

(3) Third Party Funding

The Group provides funding to USE, whereby such funding may be secured against a variety of assets/collateral. The Group may also enter into a derivative transaction with USE in its normal course of business.

The Group does not consolidate these USEs as the Group does not have control over these entities in accordance with MFRS10.

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Unconsolidated structured entities (Continued)

(ii) Carrying amount, size and maximum exposure to loss

The following table shows the carrying amount of the Group's interest recognised in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the structured entities.

	Carrying amount as at					
	31 December 2015			31 December 2014		
	Investment Vehicle 1	Investment Vehicle 2	Third Party Funding Entity	Investment Vehicle 1	Investment Vehicle 2	Third Party Funding Entity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	13,339	-	251,981	4,093	-	57,559
Reverse repurchase agreements	-	-	883,395	-	-	712,730
Financial investments available-for-sale	850	77,538	-	692	269,694	-
Other assets	429,300	-	163,134	349,650	-	-
Total assets	443,489	77,538	1,298,510	354,435	269,694	770,289
Derivative financial liabilities**	-	-	195,191	-	-	25,842
Other liabilities	-	-	163,134	-	-	-
Total liabilities	-	-	358,325	-	-	25,842
Commitments	429,300	-	-	349,650	-	-

	Investment Vehicle 1	Investment Vehicle 2	Third Party Funding Entity	Investment Vehicle 1	Investment Vehicle 2	Third Party Funding Entity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets size of structured entity*	12,772,670	4,609,655	1,806,374	10,052,438	3,966,000	769,230

* Where the Group does not have control over the USE, the assets size of the USE are based on the Group's best estimates.

** Derivative liabilities are based of a notional amount of USD200m

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Unconsolidated structured entities (Continued)

(ii) Carrying amount, size and maximum exposure to loss (Continued)

Cash and short-term funds
Represents the Group's cash received from realised gains from derivatives, interest income and dividend income.

Financial investments available-for-sale
Represents the Group's equity/economic interests in unconsolidated structured entities.

Reverse repurchase agreements, other assets and other liabilities
Reverse repurchase agreements or loans to Third Party Funding Vehicle which may be collateralised by underlying securities. Other assets and other liabilities pertaining to Third Party Funding Entity may include cash collateral pledged to/received from Third Party Funding Entity for the purposes of mitigating counterparty credit exposure arising from existing transactions. In the context of Investment Vehicles, other assets include collateral placements to Investment Vehicles for collateralisation purposes against potential future losses incurred by the vehicle.

Derivative financial liabilities
Derivative transactions entered into with the structured entities are in the normal course of business. Carrying amounts of the derivative financial liabilities do not reflect the true variability of returns to the Group because they do not take into account the effects of collateral or hedges.

Commitments
Represents financial commitments (such as capital support) which the Group is contractually obligated to make to the Investment Vehicles in a given year due to losses/underperformance of the underlying business of the vehicle. The maximum liability is capped at the collateral amounts pledged (see Other Assets for Investment Vehicle 1).

(iii) Income/losses from structured entities

	Gains/(losses) recognised in the consolidated statements of income for the financial year ended					
	31 December 2015			31 December 2014		
Structured Entity	Unrealised losses on derivatives	Realised gains on derivatives	Total	Unrealised losses on derivatives	Realised gains on derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Third Party Funding Entity	(169,349)	167,235	(2,114)	(25,842)	57,559	31,717

	Income recognised in the consolidated statements of income for the financial year ended					
	31 December 2015			31 December 2014		
Structured Entity	Interest Income	Dividend Income	Total	Interest Income	Dividend Income	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment Vehicle 1	4,958	4,287	9,245	2,415	1,678	4,093
Investment Vehicle 2^	-	3,623	3,623	-	-	-
Third Party Funding Entity	24,795	-	24,795	13,430	-	13,430
	29,753	7,910	37,663	15,845	1,678	17,523

^ The Investment Vehicle 2 was set up on 22 December 2014, therefore no income has been recognised for the financial year ended 31 December 2014.

Unrealised losses on derivatives do not reflect the true variability of returns to the Group because they do not take into account the effects of collateral or hedges.

13 INVESTMENT IN ASSOCIATES

	Note	The Group 2015 RM'000	The Group 2014 RM'000
At 1 January		844,709	703,947
Share of profits for the financial year		95,497	125,295
Additional investment in associates		1,939	2,016
Share of other comprehensive income for the financial year		851	2,199
Disposal of associates		-	(3,217)
Partial disposal of subsidiary*	55	-	34,681
Allowance made for impairment losses	39	-	(175)
Dividend payment		(79,067)	(20,037)
Profit distribution/redemption		(5,089)	-
At 31 December		858,840	844,709

* With effect from 30 December 2014, due to the change of the Board of Directors following the disposal of 49% stake to a third party, the Group has lost control over CIMB Insurance Broker ("CIB"). Therefore, CIB has ceased to be a subsidiary and is classified as an associate of the Group as at 31 December 2014. Refer to Note 55(a)(i)(b). The amount is inclusive of the gain on remeasurement of equity interest retained as associate of RM30,987,000.

	The Company 2015 RM'000	The Company 2014 RM'000
Unquoted shares, at cost	3,834	3,834

(a) Information about associates:

The principal place of business and country of incorporation of the associates is Malaysia unless stated otherwise. All associates are measured using the equity method. There are no available quoted market prices of the associates.

The direct associate of the Company is:

Name of Associate	Principal activities	Percentage of equity held 2015 %	Percentage of equity held 2014 %
Touch 'n Go Sdn. Bhd.*	Establishment, operation and management of an electronic collection system for toll and transport operators	20	20

* Consolidated in the Group as the associate is a subsidiary to the Group.

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Information about associates (Continued):

The associates held through CAV's subsidiary, Commerce-KPF are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Delphax Sdn. Bhd.	Manufacturer of reconstructive & spinal implants, trauma & related orthopaedic surgical products	7.0	7.0

The associate held through CAV's subsidiary, Commerce Agro Ventures Sdn. Bhd. is:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Landas Bina Aquaventures Sdn. Bhd.	Aquaculture	13.3	13.3

The associates held through CAV's subsidiary, Commerce Technology Ventures Sdn. Bhd. are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Sesama Equilab Sdn. Bhd.	Dormant	29	29
Consolidated Liquid Eggs Sdn. Bhd.	Dormant	30	30

The associates held through CAV's subsidiary, Commerce KNB Agro Teroka Sdn. Bhd. are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Manjung Aquatic Sdn. Bhd.	Dealer in business of merchant and dealer in marine products and its by products	16.3	16.3
Dragon Power Plantations Sdn. Bhd.	Growing and selling vegetables of all kinds and descriptions	13.3	13.3
PS Fresh Sdn. Bhd.	Distribution of farm products	10.0	10.0

The associates held through CIMB Bank are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Bank of Yingkou Co. Ltd. (Incorporated in the People's Republic of China)	Banking	18.21	19.36

During the financial year, Bank of Yingkou completed a capital increase of 126,979,132 new shares of RMB1.00 each raising a proceeds of RMB438,078,005. CIMB Bank did not participate in the capital increase and accordingly its percentage holding in Bank of Yingkou is reduced from 19.36% to 18.21.

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Information about associates (Continued):

The associate held through CIMB Group's subsidiary, CIG Berhad is:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
CIMB Insurance Brokers Sdn. Bhd.^^	Insurance Booking	51	51

^^ With effect from 30 December 2014, due to the change of the Board of Directors following the disposal of 49% stake to a third party, the Group has lost control over CIMB Insurance Broker ("CIB"). Therefore, CIB has ceased to be a subsidiary and is classified as an associate of the Group as at 31 December 2014.

The associates held through CIMBG's subsidiary, CIMB Private Equity Sdn. Bhd. is:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Mezzanine Holdings Sdn. Bhd.	Investment holding	18.5	18.5

The associates held through CIMBG's subsidiary, CIMB Real Estate Sdn. Bhd. are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
CMREF 1 Sdn. Bhd.	Investment holding	24.9	24.9
Eleven Section Sixteen Sdn. Bhd.	Property investment and management	24.9	24.9
Dynamic Concept One Sdn. Bhd.	Property investment	24.9	24.9
Jaya Section Fourteen Sdn. Bhd.	Property investment and management	24.9	24.9
Project Asia City Sdn. Bhd.	Property investment and management	24.9	24.9
Forward Wealth Advisors Sdn. Bhd.	Property management services	24.9	24.9
Sentral Parc City Sdn. Bhd.	Property investment	24.9	24.9
Lot A Sentral Sdn. Bhd.	Property investment	- #	14.1
CMREF2 Shariah Sdn. Bhd.	Real estate fund management	14.29	14.29
Green Transformation Sdn. Bhd.	Dormant	14.29	14.29

Being a subsidiary to the Group upon completion of conditional subscription agreement with Lot A Sentral Sdn Bhd in 2015 (see Note 50(e))

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Information about associates (Continued):

The associates held through CIMBG's subsidiary, CIMB Strategic Assets Sdn. Bhd. are:

Name of Associate	Principal activities	Percentage of equity held 2015	2014
		%	%
Capital Advisors Partners Asia Sdn. Bhd.	Investment advisory services	40	40
Capital Advisors Partners Asia Pte. Ltd. (Incorporated in the Republic of Singapore)	Investment advisory services	40	40
Capasia Islamic Infrastructure Fund (General Partner) Limited (Incorporated in the Federal Territory of Labuan)	Managing private fund	40	40
Capasia Asean Infrastructure Fund III (General Partner) Limited (Incorporated in the Federal Territory of Labuan)	General Partner of The CapAsia Asean Infrastructure Fund III L.P	40	40
PT Cap Asia Indonesia (Incorporated in the Republic of Indonesia)	Business management consultancy services	40	40

^ Disposed during the financial year

(b) The summarised financial information below represents amounts shown in the material associate's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	Bank of Yingkou 2015	2014
	RM'000	RM'000
Total assets	68,684,691	45,813,219
Total liabilities	(64,344,777)	(42,130,944)
Net assets	4,339,914	3,682,275
Revenue	1,667,997	1,566,901
Profit for the financial year/Total comprehensive income for the financial year	536,518	572,492
Dividends paid by the associate during the financial year	123,556	98,222

(c) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	Bank of Yingkou 2015	2014
	RM'000	RM'000
Opening net assets as at 1 January	3,682,275	3,092,139
Profit for the financial year	536,518	572,492
Dividend paid	(123,556)	(98,222)
Increase in share capital	244,677	115,866
Closing net assets as at 31 December	4,339,914	3,682,275
Interest in associate (%)	18.21%	19.36%
Interest in associate	790,298	712,888
Goodwill	7,797	7,797
Carrying value	798,095	720,685

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(d) Aggregate information of associates that are not individually material:

	2015	2014
	RM'000	RM'000
The Group's share of profit for the financial year	(11,807)	10,797
The Group's share of other comprehensive expense for the financial year	851	2,199
The Group's share of total comprehensive income for the financial year	(10,956)	12,996
Aggregate carrying amount of the Group's interest in these associates	60,745	124,024

14 INVESTMENT IN JOINT VENTURES

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	241,680	309,535
Share of loss for the financial year	(9,863)	(1,942)
Share of other comprehensive (expense)/income for the financial year	(9,807)	4,965
Additional investment in joint ventures	680	1,661
Capital repayment and profit distribution	(44,443)	(3,306)
Disposal of joint ventures	361	(69,233)
At 31 December	178,608	241,680

14 INVESTMENT IN JOINT VENTURES (CONTINUED)

(a) Details of joint ventures

The principal place of business and country of incorporation of the joint ventures is Malaysia unless stated otherwise. All joint ventures are measured using the equity method. There are no available quoted market prices of the joint ventures.

Name	Principal activities	Percentage of equity held through subsidiary company 2015	2014
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50
CIMB-Principal Islamic Asset Management Sdn. Bhd.	Establishment and management of unit trust fund and fund management business in accordance with shariah principles	50	50
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Invest in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	25.1	25.1
SEASAF Power Sdn. Bhd.	Investment holding	25.1	25.1
SEASAF Highway Sdn. Bhd.*	Investment holding	25.1	25.1
SEASAF Education Sdn. Bhd.*	Investment holding	25.1	25.1
SEASAF 1 Resources Pte. Ltd.* (Incorporated in the Republic of Singapore)	Investment holding	25.1	25.1
Bangsar Capital Holdings (L) Limited (Incorporated in the Federal Territory of Labuan)	Investment holding	50	50
Tanjung Pinang Villas Sdn. Bhd.	Investment holding	50	50
Capasia South East Asian Strategic Asset Fund (General Partner) Ltd. (Incorporated in the Cayman Islands)	Investment advisory services	60	60
Bangsar Capital Pte. Ltd. (Incorporated in the Republic of Singapore)	Investment advisory services	50	50
CIMB-MC Capital Ltd. (Incorporated in the Cayman Islands)	Investment holding	50	50
AIGF Advisors Pte. Ltd. (formerly known as CIMB Capital Pte. Ltd.) (Incorporated in the Republic of Singapore)	Investment advisory services	50	50
AIGF Management Company Ltd. (Incorporated in the Cayman Islands)	General Partner	50	50

* In the process of liquidation

14 INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Details of material joint venture:

Proton Commerce Sdn. Bhd.

On 22 October 2003, Bumiputra-Commerce Finance Berhad ("BCF") (now known as Mutiara Aset Berhad) entered into a joint venture agreement with Proton Edar Sdn. Bhd. ("PESB") for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a joint ventures was incorporated under the name of Proton Commerce Sdn. Bhd. ("PCSB") which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares ("PPS") which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to CIMB Bank and the subsequent capital reduction exercise undertaken by BCF, the BCF PPS were cancelled, and CIMB Bank issued RM200 million PPS to PCSB.

(c) The summarised financial information below represents amounts shown in the material joint venture' Financial Statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	PCSB	
	2015	2014
	RM'000	RM'000
Non-current assets	1,473,202	1,627,977
Current assets	493,880	274,984
Current liabilities (non-trade)	(1,358,734)	(1,300,586)
Non-current liabilities (non-trade)	(282,798)	(280,000)
Net assets	325,550	322,375
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	296,048	159,090
Revenue	93,363	91,790
Profit for the financial year/Total comprehensive income for the financial year	3,174	5,761
The above profit for the financial year include the following:		
Interest income	84,994	86,435
Interest expense	(48,709)	(43,513)
Taxation	(1,603)	(3,221)

14 INVESTMENT IN JOINT VENTURES (CONTINUED)

(d) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture recognised in the consolidated financial statements:

	PCSB	
	2015 RM'000	2014 RM'000
Opening net assets 1 January	322,375	316,614
Profit for the financial year	3,174	5,761
Closing net assets as at 31 December	325,549	322,375
Interest in joint venture (%)	50%	50%
Interest in joint venture	162,775	161,188

(e) Aggregate information of joint ventures that are not individually material:

	2015 RM'000	2014 RM'000
The Group's share of profit for the financial year	(11,450)	(4,823)
The Group's share of other comprehensive income/(expense) for the financial year	(9,807)	4,965
The Group's share of total comprehensive income for the financial year	(21,257)	142
Aggregate carrying amount of the Group's interest in these joint ventures	15,833	80,492

15 PROPERTY, PLANT AND EQUIPMENT

The Group	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fixtures	Computer equipment and hardware	Computer equipment and software under lease	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015												
Cost												
At 1 January		36,230	24,330	1,804	333,526	43,599	318,134	1,883,369	1,110,290	46,547	182,159	3,979,988
Additions		3,164	-	-	1,152	-	29,956	507,742	103,918	6,229	5,841	658,002
Arising from acquisition of subsidiaries	52	130,000	-	-	548,921	-	-	2,137	931	-	307	682,296
Disposals/Written off		(1,365)	-	-	(12,058)	(446)	(43,868)	(93,962)	(92,443)	(537)	(28,535)	(273,214)
Reclassified from/(to) intangible assets	19	-	-	-	-		57,552	(120,944)	8,266	2,324	42	(52,760)
Exchange fluctuation		18,536	-	-	22,365	2,719	36,452	139,524	43,260	1,027	5,738	269,621
At 31 December		186,565	24,330	1,804	893,906	45,872	398,226	2,317,866	1,174,222	55,590	165,552	5,263,933
Accumulated depreciation and impairment loss												
At 1 January		9,111	6,754	1,004	117,516	24,528	197,173	1,211,302	822,437	41,318	82,211	2,513,354
Charge for the financial year		-	564	-	12,642	757	17,801	155,097	112,464	9,337	45,352	354,014
Disposals/Written off		(688)	-	-	(3,341)	-	(5,010)	(59,481)	(72,446)	(509)	(21,407)	(162,882)
Impairment charged for the financial year		-	-	-	-	-	967	127	-	-	-	1,094
Exchange fluctuation		1,086	-	-	11,324	532	21,436	82,798	33,738	616	3,807	155,337
At 31 December		9,509	7,318	1,004	138,141	25,817	232,367	1,389,843	896,193	50,762	109,963	2,860,917
Net book value at 31 December 2015		177,056	17,012	800	755,765	20,055	165,859	928,023	278,029	4,828	55,589	2,403,016

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM66,465,159 for the Group.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fixtures	Computer equipment and hardware	Computer equipment and software under lease	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014												
Cost												
At 1 January		44,342	27,363	1,804	336,749	57,558	342,844	1,892,135	1,082,699	45,960	183,566	4,015,020
Additions		91	-	-	2,705	-	16,806	245,721	121,104	2,341	17,176	405,944
Disposals/Written off		(15,846)	(5)	-	(16,001)	(1,653)	(50,522)	(113,825)	(119,708)	(1,825)	(21,298)	(340,683)
Transfer/reclassifications		-	-	-	-	-	-	(9,855)	9,855	-	-	-
Reclassified to intangible assets	19	-	-	-	-	-	1,168	(197,859)	710	-	53	(195,928)
Reclassified to non-current assets held for sale	54	(1,273)	(3,028)	-	(1,307)	(12,497)	(7,695)	-	-	-	-	(25,800)
Exchange fluctuation		8,916	-	-	11,380	191	15,533	67,052	15,630	71	2,662	121,435
At 31 December		36,230	24,330	1,804	333,526	43,599	318,134	1,883,369	1,110,290	46,547	182,159	3,979,988
Accumulated depreciation and impairment loss												
At 1 January		8,758	7,405	1,004	116,112	27,911	214,476	1,210,273	773,408	39,444	69,446	2,468,237
Charge for the financial year		-	579	-	4,210	916	21,637	161,641	105,822	2,242	25,061	322,108
Disposals/Written off		(207)	-	-	(8,337)	(887)	(44,224)	(95,377)	(70,050)	(412)	(13,711)	(233,205)
Transfer/reclassifications		-	-	-	-	-	-	(680)	680	-	-	-
Impairment charged for the financial year		-	-	-	-	-	-	451	(35)	-	-	416
Reclassified to intangible assets	19	-	-	-	-	-	-	(108,416)	-	-	(25)	(108,441)
Reclassified to non-current assets held for sale	54	-	(1,230)	-	(430)	(3,495)	(4,632)	-	-	-	-	(9,787)
Exchange fluctuation		560	-	-	5,961	83	9,916	43,410	12,612	44	1,440	74,026
At 31 December		9,111	6,754	1,004	117,516	24,528	197,173	1,211,302	822,437	41,318	82,211	2,513,354
Net book value at 31 December 2014		27,119	17,576	800	216,010	19,071	120,961	672,067	287,853	5,229	99,948	1,466,634

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM25,902,762 for the Group.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Leasehold land 50 years or more	Buildings on leasehold land	Renovations, office equipment, furniture and fixtures	Computer equipment and hardware	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Cost						
At 1 January	648	864	1,095	6	2,287	4,900
Disposals	-	-	-	-	(761)	(761)
At 31 December	648	864	1,095	6	1,526	4,139
Accumulated depreciation						
At 1 January	85	653	653	6	1,377	2,774
Charge for the financial year	6	13	43	-	435	497
Disposals	-	-	-	-	(761)	(761)
At 31 December	91	666	696	6	1,051	2,510
Net book value at 31 December 2015	557	198	399	-	475	1,629

The Company	Note	Leasehold land 50 years or more	Buildings on freehold land	Buildings on leasehold land 50 years more	Renovations, office equipment, furniture and fixtures	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2014								
Cost								
At 1 January		653	31	8,559	5,377	161	2,287	17,068
Additions		-	-	-	110	-	-	110
Disposals		(5)	(31)	-	(4,392)	(155)	-	(4,583)
Reclassified to non-current assets held for sale	54	-	-	(7,695)	-	-	-	(7,695)
At 31 December		648	-	864	1,095	6	2,287	4,900
Accumulated depreciation								
At 1 January		79	31	5,064	3,120	161	1,149	9,604
Charge for the financial year		6	-	221	91	-	228	546
Disposals		-	(31)	-	(2,558)	(155)	-	(2,744)
Reclassified to non-current assets held for sale	54	-	-	(4,632)	-	-	-	(4,632)
At 31 December		85	-	653	653	6	1,377	2,774
Net book value at 31 December 2014		563	-	211	442	-	910	2,126

16 INVESTMENT PROPERTIES

The Group	Buildings on leasehold land less than 50 years	Total
	RM'000	RM'000
2015		
At 1 January	4,000	4,000
Fair value adjustments	(2,880)	(2,880)
At 31 December	1,120	1,120
2014		
At 1 January/31 December	4,000	4,000

The Company	Freehold land	Buildings on freehold land	Total
	RM'000	RM'000	RM'000
2015			
Cost			
At 1 January/31 December	235	561	796
Accumulated depreciation			
At 1 January	-	325	325
Charge for the financial year	-	18	18
At 31 December	-	343	343
Net book value at 31 December 2015	235	218	453
Fair value as at 31 December 2015	820	820	1,640
2014			
Cost			
At 1 January/31 December	235	561	796
Accumulated depreciation			
At 1 January	-	306	306
Charge for the financial year	-	19	19
At 31 December	-	325	325
Net book value at 31 December 2014	235	236	471
Fair value as at 31 December 2014	840	780	1,620

16 INVESTMENT PROPERTIES (CONTINUED)

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

The following amounts have been reflected in the consolidated statement of income:

	The Group	
	2015	2014
	RM'000	RM'000
Rental income	81	81
Operating expenses arising from investment properties that generated the rental income	(11)	(14)

17 PREPAID LEASE PAYMENTS

The Group	Leasehold land less than 50 years	Total
	RM'000	RM'000
2015		
Cost		
At 1 January	289,713	289,713
Disposals/Write-off	(59)	(59)
Exchange fluctuation	659	659
At 31 December	290,313	290,313
Amortisation and impairment loss		
At 1 January	153,294	153,294
Amortisation during the financial year	11,215	11,215
Disposals/Write-off	(55)	(55)
Exchange fluctuation	457	457
At 31 December	164,911	164,911
Net book value at 31 December 2015	125,402	125,402

17 PREPAID LEASE PAYMENTS (CONTINUED)

The Group	Leasehold land less than 50 years	Total
	RM'000	RM'000
2014		
Cost		
At 1 January	290,913	290,913
Additions	-	-
Disposals/write-off	(1,639)	(1,639)
Exchange fluctuation	439	439
At 31 December	289,713	289,713
Amortisation and impairment loss		
At 1 January	143,012	143,012
Amortisation during the financial year	11,364	11,364
Disposals/write-off	(1,382)	(1,382)
Exchange fluctuation	300	300
At 31 December	153,294	153,294
Net book value at 31 December 2014	136,419	136,419

Future amortisation of prepaid land lease is as follows:

The Group	31 December 2015 Leasehold land less than 50 years	31 December 2014 Leasehold land less than 50 years
	RM'000	RM'000
- Not later than one year	11,215	11,364
- Later than one year and not later than five years	44,860	45,456
- More than five years	69,327	79,599
	125,402	136,419

18 GOODWILL

	Note	The Group 2015	2014
		RM'000	RM'000
Cost			
At 1 January		8,049,844	7,923,928
Goodwill arising from business combinations:			
- Arising from the acquisition of FAM	52	8,734	-
Disposal of subsidiaries	55	-	(37,226)
Exchange fluctuation		377,592	163,142
At 31 December		8,436,170	8,049,844
Impairment			
At 1 January		(138,684)	(46,465)
Impairment charge during the financial year		-	(127,945)
Disposal of a subsidiary	55	-	35,726
At 31 December		(138,684)	(138,684)
Net book value at 31 December		8,297,486	7,911,160

18 GOODWILL (CONTINUED)

Allocation of goodwill to cash-generating-units

Goodwill has been allocated to the following cash-generating-units ("CGUs"). These CGUs do not carry any intangible assets with indefinite useful lives:

CGU	2015	2014
	RM'000	RM'000
Consumer banking		
Retail Finance Services	1,262,272	1,262,272
Islamic Banking	136,000	136,000
Group Cards	425,803	425,803
Commercial Banking	911,000	911,000
Wholesale Banking		
Corporate Banking	419,000	419,000
Retail and Institutional Equity	200,500	200,500
Financial Advisories, Underwriting and Other Fees	14,496*	56,281
Treasury	578,785	537,000
Asset Management		
Malaysia	281,772	281,772
Thailand	8,734**	-
Foreign Banking Operations		
Indonesia	2,578,349	2,578,349
Thailand	1,199,277	1,199,277
Others		
Touch 'n Go	51,082	51,082
Exchange fluctuation	230,416	(147,176)
	8,297,486	7,911,160

* Equity Capital Markets ("ECM") has been moved to and managed under Treasury and its Goodwill has been allocated accordingly in 2015.

** Goodwill arising from acquisition or Financial Asset Management ("FAM") during the year has been allocated to Asset Management Thailand.

Impairment test for goodwill

Value-in-use
The recoverable amount of CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2016 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using the estimated terminal growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments.

18 GOODWILL (CONTINUED)

Impairment test for goodwill (Continued)

Value-in-use (Continued)

The estimated terminal growth rates and discount rates used for value-in-use calculations are as follows:

	2015		2014	
	Terminal Growth rate	Discount rate	Terminal Growth rate	Discount rate
Retail Finance Services	4.50%	6.62%	5.00%	7.04%
Islamic Banking	4.50%	6.62%	5.00%	7.04%
Group Cards	4.50%	6.62%	5.00%	7.04%
Commercial Banking	4.50%	6.62%	5.00%	7.04%
Corporate Banking	4.50%	6.62%	5.00%	7.04%
Retail and Istitutional Equity	2.00%	9.97%	2.00%	10.20%
Financial Advisories, Underwriting and Other Fees	2.00%	9.97%	2.00%	10.20%
Treasury	4.50%	6.62%	5.00%	7.04%
Asset Manangement				
- Malaysia	4.50%	6.62%	5.00%	7.04%
- Thailand	4.50%	6.62%	-	-
Foreign banking operations				
- Indonesia	2.00%	10.58%	2.00%	10.88%
- Thailand	2.00%	5.35%	2.00%	7.06%
Others - Touch ’n Go	4.5%	6.62%	5.00%	7.04%

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount, except for the Retail and Institutional Equity CGU as disclosed below.

Impairment charge

During financial year ended 31 December 2014, the impairment charge of RM128 million arises from the Retail and Institutional Equity CGU. The impairment charge arose as the recoverable amount of the CGU of RM1,370 million was less than the carrying value of the CGU, due to lower than expected performance of the Equities market.

If the growth in budgeted gross margin used in the value-in-use calculation for the Retail and Institutional Equity CGU had been 1% lower than management’s estimates as at 31 December 2014 (i.e. 11.6% instead of 12.6%), the Group would have recognised a further impairment of goodwill by RM163 million.

If the estimated discount rate used in determining the pre-tax discount rate had been 1% higher than management’s estimates (i.e. 11.20% instead of 10.20%), the Group would have recognised a further impairment against goodwill of RM72 million.

19 INTANGIBLE ASSETS

The Group	Note	Customer relationship	Core deposits	Securities stockbroking license	Computer software	License and club debentures	Insurance broker license*	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Cost								
At 1 January		211,826	1,348,558	33,166	2,332,716	17,303	899	3,944,468
Arising from acquisition of a subsidiary	52(c)	-	-	-	4,158	-	-	4,158
Additions during the financial year		-	-	-	284,397	1,196	-	285,593
Disposals during the financial year		-	-	-	(75,402)	(1,412)	-	(76,814)
Reclassified from property, plant and equipment	15	-	-	-	52,760	-	-	52,760
Exchange fluctuation		108	-	4,975	80,237	3,743	-	89,063
At 31 December		211,934	1,348,558	38,141	2,678,866	20,830	899	4,299,228
Accumulated amortisation and impairment								
At 1 January		166,385	743,618	33,166	1,150,377	503	-	2,094,049
Amortisation during the financial year		15,464	77,820	-	246,694	181	-	340,159
Disposals during the financial year		-	-	-	(14,636)	-	-	(14,636)
Exchange fluctuation		124	-	4,975	53,743	221	-	59,063
At 31 December		181,973	821,438	38,141	1,436,178	905	-	2,478,635
Net book value at 31 December 2015		29,961	527,120	-	1,242,688	19,925	899	1,820,593

* Insurance broker license are not amortised as they have an infinite life. They are assessed for impairment on an annual basis.

19 INTANGIBLE ASSETS (CONTINUED)

The Group	Note	Customer relationship	Core deposits	Securities stockbroking license	Computer software	License and club debentures	Insurance broker license*	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Cost								
At 1 January		211,771	1,348,558	32,507	1,809,473	16,381	899	3,419,589
Additions during the financial year		-	-	-	348,239	-	-	348,239
Disposals during the financial year		-	-	-	(21,251)	-	-	(21,251)
Reclassified from property, plant and equipment	15	-	-	-	195,928	-	-	195,928
Exchange fluctuation		55	-	659	327	922	-	1,963
At 31 December		211,826	1,348,558	33,166	2,332,716	17,303	899	3,944,468
Accumulated amortisation and impairment								
At 1 January		149,745	649,321	32,507	827,399	392	-	1,659,364
Amortisation during the financial year		16,580	94,297	-	212,439	161	-	323,477
Disposals during the financial year		-	-	-	(1,262)	-	-	(1,262)
Reclassified from property, plant and equipment	15	-	-	-	108,441	-	-	108,441
Exchange fluctuation		60	-	659	3,360	(50)	-	4,029
At 31 December		166,385	743,618	33,166	1,150,377	503	-	2,094,049
Net book value at 31 December 2014		45,441	604,940	-	1,182,339	16,800	899	1,850,419

* Insurance broker license is not amortised as it has an infinite life. It is assessed for impairment on an annual basis.

The above intangible assets include software under construction at cost of RM227,051,575 (2014: RM205,281,166).

19 INTANGIBLE ASSETS (CONTINUED)

The valuation of customer relationship was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing credit card, revolving credit, overdraft and trade finance loan base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9% - 10%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8.0% - 8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation period of the intangible assets with finite life is as follows:

Customer relationships:	
- Credit card	2.5 years
- Overdraft	-
Core deposits	1 - 13 years
Computer software	1 - 15 years
Club debentures	6 - 8 years

20 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Group	
	2015	2014
	RM'000	RM'000
Demand deposits	67,912,293	64,732,253
Savings deposits	41,260,084	34,143,233
Fixed deposits	142,241,288	119,350,060
Negotiable instruments of deposit	1,596,448	3,486,878
Others	64,413,468	60,356,363
	317,423,581	282,068,787

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

	The Group	
	2015	2014
	RM'000	RM'000
Due within six months	115,580,330	99,066,019
Six months to one year	24,158,631	18,436,364
One year to three years	2,525,301	3,107,205
Three years to five years	1,002,774	1,580,796
More than five years	570,700	646,554
	143,837,736	122,836,938

20 DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) By type of customer

	The Group 2015 RM'000	The Group 2014 RM'000
Government and statutory bodies	9,306,280	9,641,728
Business enterprises	124,013,990	109,294,880
Individuals	127,373,004	111,598,994
Others	56,730,307	51,533,185
	317,423,581	282,068,787

21 PLACEMENTS FROM INVESTMENT ACCOUNTS

	Note	The Group 2015 RM'000	The Group 2014 RM'000
Unrestricted investment accounts	57(o)	232,716	-

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group 2015 RM'000	The Group 2014 RM'000
Licensed banks	17,814,252	28,034,956
Licensed finance companies	1,246,197	796,797
Licensed investment banks	720,097	469,185
Bank Negara Malaysia	165,547	491,349
Other financial institutions	3,745,857	2,357,511
	23,691,950	32,149,798

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

	The Group 2015 RM'000	The Group 2014 RM'000
Due within six months	18,469,624	29,249,136
Six months to one year	3,909,385	1,979,195
One year to three years	918,419	392,932
Three years to five years	102,585	306,247
More than five years	291,937	222,288
	23,691,950	32,149,798

The Group has undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM132,117,000 (2014: RM128,697,000) using interest rate swaps.

23 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	2015	2014
	RM'000	RM'000
Deposits from customers - structured investments	3,047,985	2,876,227
Debentures	980,203	411,635
Bills payable	924,583	402,839
	4,952,771	3,690,701

The Group has issued structured investments, bills payables and debentures, and have 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 Group at 31 December 2015 of financial liabilities designated at fair value were RM567,569,000 (2014: RM403,475,000) lower than the contractual amount at maturity for the structured investments, RM18,606,000 lower (2014: RM3,610,000 higher) than the contractual amount at maturity for the debentures and RM131,549,000 (2014: RM78,436,000) higher than the contractual amount at maturity for the bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

24 OTHER LIABILITIES

		The Group		The Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Due to brokers and clients		3,219,671	3,864,299	-	-
Expenditure payable		2,024,324	1,974,624	6,702	3,361
Provision for legal claims		62,133	90,974	-	-
Sundry creditors		1,704,889	1,349,922	1	1
Insurance fund - life and takaful insurance business		70,249	68,069	-	-
Allowance for commitments and contingencies	(a)	9,219	9,182	-	-
Post employment benefit obligations	26	468,081	352,216	-	-
Credit card expenditure payable		172,033	180,824	-	-
Collateral pledged for derivative transactions		3,161,566	1,042,645	-	-
Unit link contract liabilities		512,039	547,669	-	-
Collateral for securities borrowings		669,469	-	-	-
Others		1,911,008	1,336,374	493	699
		13,984,681	10,816,798	7,196	4,061

(a) The movements in the allowance for commitments and contingencies are as follows:

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	9,182	16,823
Net allowance written back/(made) during the financial year	9,935	(8,942)
Payment made during the financial year	(12,401)	-
Exchange fluctuation	2,502	1,301
At 31 December	9,219	9,182

25 RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagams Berhad with recourse to the Group. Under these agreements, the Group undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabiilties are stated at amortised cost.

26 POST EMPLOYMENT BENEFIT OBLIGATIONS

	Note	The Group	
		2015 RM'000	2014 RM'000
Defined contribution plan - EPF	(a)	27,565	26,952
Defined benefit plans	(b)	440,516	325,264
		468,081	352,216

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined benefit plans

The Group operates final salary defined benefit plans for its employees in Indonesia and Thailand under Labor Law of respective countries, the assets of which are held in separate trustee-administered funds that are governed by local authorities and practice in each country. The plan calls for benefits to be paid to eligible employees at retirement or when the employees resign. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The majority of benefits payments are from trustee-administrated funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due.

The latest actuarial valuations of the plans in Indonesia, Thailand, Korea and Taiwan were carried out in 2015.

The amount recognised in the statements of financial position in respect of defined benefit plans is as follows:

	The Group	
	2015 RM'000	2014 RM'000
Present value of funded obligations	515,982	448,594
Fair value of plan assets	(278,150)	(292,275)
Status of funded plan	237,832	156,319
Present value of unfunded obligations	193,838	154,761
Status of defined benefit pension plans	431,670	311,080
Impact of minimum funding requirement/asset ceiling	8,846	14,184
Liability in statement of financial position	440,516	325,264

26 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The movements in the defined benefit obligation over the financial year are as follows:

The Group	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	603,355	(292,275)	311,080	14,184	325,264
Current service costs	116,591	-	116,591	-	116,591
Under provision in prior year	24	-	24	-	24
Interest expense/(income)	42,065	(24,753)	17,312	1,232	18,544
Others	-	(1,160)	(1,160)	-	(1,160)
Components of defined benefits costs recognised in statement of income	158,680	(25,913)	132,767	1,232	133,999
Remeasurement:					
- Return on plan assets, excluding amounts included in interest expense	-	26,990	26,990	-	26,990
- Loss from changes in demographic assumptions	(1,389)	-	(1,389)	-	(1,389)
- Loss from changes in financial assumptions	(22,235)	-	(22,235)	-	(22,235)
- Experience gains	3,510	-	3,510	-	3,510
- Change in asset ceiling, excluding amounts included in interest expense	-	-	-	(7,633)	(7,633)
Components of defined benefits costs recognised in statement of comprehensive income	(20,114)	26,990	6,876	(7,633)	(757)
Exchange fluctuation	69,437	(26,678)	42,759	1,063	43,822
Contributions:					
- Employer contributions	-	(4,580)	(4,580)	-	(4,580)
- Plan participant	-	(5,789)	(5,789)	-	(5,789)
Receivables	52	-	52	-	52
Payments from plans - benefits paid	(101,590)	50,095	(51,495)	-	(51,495)
At 31 December 2015	709,820	(278,150)	431,670	8,846	440,516

26 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The movements in the defined benefit obligation over the financial year are as follows (Continued):

The Group	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	515,464	(269,439)	246,025	7,101	253,126
Current service costs	40,954	-	40,954	-	40,954
Overprovision in prior year	(2,138)	-	(2,138)	-	(2,138)
Interest expense/(income)	39,591	(24,513)	15,078	673	15,751
Others	-	11	11	-	11
Components of defined benefits costs recognised in statement of income	78,407	(24,502)	53,905	673	54,578
Remeasurement:					
- Return on plan assets, excluding amounts included in interest income	-	(11,642)	(11,642)	-	(11,642)
- Gain from changes in financial assumptions	23,631	-	23,631	-	23,631
- Experience losses	(1,549)	-	(1,549)	-	(1,549)
- Change in asset ceiling, excluding amounts included in interest expense	-	-	-	5,928	5,928
Components of defined benefits costs recognised in statement of comprehensive income	22,082	(11,642)	10,440	5,928	16,368
Exchange fluctuation	28,596	(13,011)	15,585	482	16,067
Contributions:					
- Employer contributions	-	(4,000)	(4,000)	-	(4,000)
- Plan participant	-	-	-	-	-
Receivables	(1,489)	-	(1,489)	-	(1,489)
Payments from plans - benefits paid	(39,705)	30,319	(9,386)	-	(9,386)
At 31 December 2014	603,355	(292,275)	311,080	14,184	325,264

26 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The significant principal actuarial assumptions used in respect of the Group's defined benefit plans are as follows:

	2015		2014	
The Group	**Thailand**	**Indonesia**	**Thailand**	**Indonesia**
	%	%	%	%
Discount rates	2.75	9.00 - 9.25	3.50 - 5.00	8.50 - 9.00
Expected return on plan assets	N/A	9.25	N/A	8.50
Future salary increases	5.00	6.00 - 8.00	2.50 - 7.00	6.00 - 8.00
Rate of price inflation - other fixed allowance	2.00 - 2.50	N/A	2.50	N/A

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
2015			
Discount rates	0.5% - 1%	Decreased by 7.5%	Increased by 7.5%
Expected return on plan assets	1.0%	Decreased by 0.5%	Increased by 0.5%
Future salary increases	1.0%	Increased by 15.1%	Decreased by 16.1%
2014			
Discount rates	0.5% - 1%	Decreased by 8.3%	Increased by 9.4%
Expected return on plan assets	1.0%	Decreased by 0.6%	Increased by 0.6%
Future salary increases	1.0%	Increased by 10.9%	Decreased by 9.7%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

26 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The Group's plan assets are comprised as follows:

	The Group					
	2015			2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity instruments (by geography)						
Indonesia	56,845	-	56,845	70,036	-	70,036
Debt instruments (by type)						
Government bonds	37,664	-	37,664	37,330	-	37,330
Corporate bonds (investment grade)	44,579	-	44,579	44,183	-	44,183
Cash and cash equivalent	-	59,673	59,673	-	54,747	54,747
Mutual funds	46,004	-	46,004	43,889	-	43,889
Others	-	33,385	33,385	-	42,090	42,090
	185,092	93,058	278,150	195,438	96,837	292,275

The expected contribution to post employment benefits plan for the financial year ending 31 December 2016 is RM26,082,000 to the Group.

The weighted average duration of the defined benefit obligation is 10.8 years (2014: 10.8 years).

Expected maturity analysis of undiscounted defined benefits plans:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Defined benefits plan	29,795	25,281	12,379	698,083	765,539
2014					
Defined benefits plan	24,741	30,395	119,935	2,502,290	2,677,361

27 BONDS AND DEBENTURES

	Note	The Group 2015	2014
		RM'000	RM'000
IDR1,500,000 million bonds (Series A: 2011/2014; Series B: 2011/2016)	(a)	397,403	371,948
HKD462 million notes (2012/2017)	(b)	260,164	211,804
USD350 million notes (2012/2017)	(c)	1,515,034	1,232,460
IDR2,000,000 million bonds (Series A: 2012/2015; Series B: 2012/2017)	(d)	381,045	569,522
THB Structured debentures	(e)	1,187	33,234
THB Short term debenture	(f)	2,791,233	1,559,371
IDR600,000 million bonds (Series 1: 2012/2013; Series 2: 2012/2015)	(g)	-	127,243
HKD171 million notes (2013/2018)	(h)	66,843	66,785
HKD430 million notes (2013/2016)	(i)	167,900	167,790
USD45 million notes (2013/2015)	(j)	-	157,603
IDR600,000 million notes (2013/2016)	(k)	189,651	171,597
HKD350 million notes (2013/2016)	(l)	140,024	140,000
SGD20 million notes (2013/2018)	(m)	61,095	53,074
USD20 million notes (2013/2016)	(n)	86,085	70,099
IDR1,450,000 million bonds (Series A: 2013/2015; Series B: 2013/2016; Series C: 2013/2018)	(o)	439,828	411,266
HKD775 million notes (2013/2016)	(p)	429,634	349,706
HKD950 million notes (2013/2016)	(q)	396,006	395,946
RM500 million bonds (2011/2016)	(r)	500,161	500,121
HKD300 million notes (2014/2019)	(s)	129,209	128,678
HKD150 million notes (2014/2019)	(t)	83,307	67,813
AUD100 million notes (2014/2019)	(u)	291,921	291,465
HKD1,130 million notes (2014/2019)	(v)	550,562	498,695
USD313 million notes (2015/2045; callable in 2020)	(w)	1,383,349	-
EUR30 million notes (2015/2016)	(x)	140,736	-
SGD100 million notes (2015/2018)	(y)	304,105	-
CNY220 million notes (2015/2018)	(z)	137,445	-
Equity link notes	(aa)	595	-
		10,844,522	7,576,220
Fair value changes arising from fair value hedges		432,654	89,828
		11,277,176	7,666,048

27 BONDS AND DEBENTURES (CONTINUED)

(a) IDR1,500,000 million bonds

In 2011, PT CIMB Bank Niaga Tbk ("CIMB Niaga"), an indirect subsidiary of the Company, issued unsecured IDR1,500,000 million bonds with fixed interest rates. The bonds are divided into two series:

(i) Series A Bond
The nominal value of the bonds amounted to IDR180,000 million with a tenor of 3 years which will mature on 23 December 2014. It bears fixed interest rate of 7.375% per annum. It has been fully redeemed upon its maturity on 23 December 2014.

(ii) Series B Bond
The nominal value of the bonds amounted to IDR1,320,000 million with a tenor of 5 years which will mature on 23 December 2016. It bears fixed interest rate of 8.30% per annum.

(b) HKD462 million notes

On 8 May 2012, CIMB Bank Berhad ("CIMB Bank"), an indirect subsidiary of the Company, acting through its Labuan Offshore Branch, issued a HKD462 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD462 million notes using cross currency interest rate swaps.

(c) USD350 million notes

On 26 July 2012, CIMB Bank issued a USD350 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 26 July 2017. It bears a coupon rate of 2.375% per annum payable semi-annually in arrears.

CIMB Bank has undertaken fair value hedge on interest rate risk of the USD350 million notes using interest rate swaps.

(d) IDR2,000,000 million bonds

On 30 October 2012, CIMB Niaga issued unsecured IDR2,000,000 million bonds with fixed interest rates. The bonds are divided into two series:

(i) Series A Bond
The nominal value of the bonds amounted to IDR600,000 million with a tenor of 3 years which will mature on 30 October 2015. It bears fixed interest rate of 7.35% per annum. It has been fully redeemed upon its maturity in 2015.

(ii) Series B Bond
The nominal value of the bonds amounted to IDR1,400,000 million with a tenor of 5 years which will mature on 30 October 2017. It bears fixed interest rate of 7.75% per annum.

(e) Structured debentures

CIMB Thai Bank issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature within 6 months from the respective issuance dates. It bears variable interest rates, depending on the underlying foreign exchange rates movements, payable at respective maturity dates.

(f) Short term debentures

CIMB Thai Bank issued various unsecured short term debentures with maturity dates of the short term debentures vaying from 2 months to 6 months. The debentures carry fixed interest rates of 1.55% to 1.90%, payable at respective maturity dates.

27 BONDS AND DEBENTURES (CONTINUED)

(g) IDR600,000 million bonds

On 22 November 2012, PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued an unsecured IDR600,000 million bond with fixed interest rates. The bonds are divided into 2 series:

(i) Series 1
The nominal value of the bonds amounted to IDR152,000 million with a tenor of 1 year which had matured on 22 November 2013 and was redeemed on its maturity date. It bears fixed interest rate of 7.00% per annum.

(ii) Series 2
The nominal value of the bonds amounted to IDR448,000 million with a tenor of 3 years which will mature on 22 November 2015. It bears fixed interest rate of 8.10% per annum. It has been fully redeemed upon its maturity in 2015.

(h) HKD171 million notes

On 22 January 2013, CIMB Bank issued a HKD171 million 5-year senior unsecured Fixed Rate Notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 January 2018. It bears a coupon rate of 1.60% per annum payable quarterly in arrears.

In 2014, CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD171 million notes using cross currency interest rate swaps.

(i) HKD430 million notes

On 22 January 2013, CIMB Bank issued a HKD430 million 3-year senior unsecured Fixed Rate Notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 January 2016. It bears a coupon rate of 1.20% per annum payable quarterly in arrears.

In 2014, CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign currency risk of the HKD430 million notes using cross currency interest rate swaps.

In January 2016, CIMB Bank has redeemed its HKD430 million senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(j) USD45 million notes

On 29 January 2013, CIMB Bank issued 2-year USD45 million senior unsecured floating rate notes under its USD 1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on the interest payment date falling in or nearest to January 2015. The coupon rate is calculated based on the 3 month U.S.$ LIBOR plus a margin of 0.70% per annum and coupon is payable quarterly in arrears.

In January 2015, CIMB Bank has redeemed its USD45 million senior unsecured floating rate notes.

(k) IDR600,000 million notes

PT CIMB Niaga Auto Finance has issued a 3-year IDR200,000 million and IDR400,000 million Monetary Term Notes on 15 February 2013 and 16 April 2013 respectively. The notes are unsecured and will mature on 15 February 2016 and 16 April 2016 respectively. It bears fixed interest rate of 8.50% per annum and 8.20% per annum.

(l) HKD350 million notes

CIMB Bank issued HKD350 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes were issued on 14 March 2013 and will mature on 14 March 2016 (subject to adjustment in accordance with the modified following business day convention). The notes bear a coupon rate of 1.09% per annum payable quarterly in arrears.

In 2014, CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign currency risk of the HKD350 million notes using cross currency interest rate swaps.

27 BONDS AND DEBENTURES (CONTINUED)

(m) SGD20 million notes

On 22 March 2013, CIMB Bank, acting through its Singapore Branch, issued SGD20 million 5-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 March 2018 (subject to adjustment in accordance with the modified following business day convention). The notes bear a coupon rate of 1.67% per annum payable semi-annually in arrears.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the SGD20 million notes using interest rate swaps.

(n) USD20 million notes

On 8 April 2013, CIMB Bank, acting through its Labuan Offshore Branch, issued USD20 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 April 2016. The notes bear a floating coupon rate of 3 month U.S.$ LIBOR plus 79 basis points per annum payable quarterly in arrears.

(o) IDR1,450,000 million bonds

CIMB Niaga, has issued 2-year Series A, 3-years Series B and 5-year Series C Senior Bond of IDR285 billion, IDR315 billion and IDR850 billion respectively, totalling IDR1.450 trillion on 20 November 2013. The bonds will mature on 20 November 2015, 20 November 2016 and 20 November 2018 for Series A, Series B and Series C respectively. The bonds bear fixed coupon rates of 8.75% per annum, 9.15% per annum and 9.75% per annum for Series A, Series B and Series C respectively payable quarterly in arrears from the date of issuance.

CIMB Niaga has fully redeemed the 2-year Series A Senior Bond of IDR285 billion upon its maturity in 2015.

(p) HKD775 million notes

On 29 Auguest 2013, CIMB Bank issued HKD775 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 29 August 2016 (subject to adjustment in accordance with the modified following business convention). The notes bear a floating coupon rate of 3 month HIBOR plus 56 basis points per annum payable quaterly in arrears.

CIMB Bank has undertaken cash flow hedge on the HKD775 million notes against foreign exchange risk.

(q) HKD950 million notes

On 20 December 2013, CIMB Bank issued HKD950 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 20 December 2016. It bears a fixed coupon rate of 1.45% per annum payable annually in arrears.

In 2014, CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign currency risk of the HKD950 million notes using cross currency interest rate swaps.

(r) RM500 million bonds

In 2011, CIMB Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad ("MKB"), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 "Consolidated Financial Statements" in 2013, the Group has consolidated the silo of MKB in relation to CIMB Bank's hire purchase receivables, as this silo has been legally ring-fenced for this transaction. As a result, the RM500 million funding received by CIMB Bank from MKB is recognised as bonds by the Group.

1st tranche of RM180 million is raised for an effective interest rate of 2.80% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

2nd tranche of RM320 million is raised for an effective interest rate of 3.00% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

27 BONDS AND DEBENTURES (CONTINUED)

(s) HKD300 million notes

On 14 May 2014, CIMB Bank issued HKD300 million 5-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 14 May 2019 (subject to adjustment in accordance with the modified following business day convention). It bears fixed coupon rate of 2.70% per annum payable annually in arrears.

CIMB Bank has undertaken fair value hedge on the interst rate risk and foreign currency risk of the HK300 million notes using across currency inters rate swaps.

(t) HKD150 million notes

On 21 August 2014, CIMB Bank issued HKD150 million 5-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 21 August 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a fixed coupon rate of 2.47% per annum payable annually in arrears.

CIMB Bank has undertaken fair value hedge on the interst rate risk of the HKD150 million notes using interest rate swaps.

(u) AUD100 million notes

On 25 September 2014, CIMB Bank Berhad issued AUD100million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

CIMB Bank has undertaken fair value hedge on the interest rate risk and foreign currency risk of the AUD100 million notes using cross currency interest rate swaps.

(v) HKD1,130 million notes

On 20 November 2014, CIMB Bank Berhad issued HKD1,130 million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 12 November 2019 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 2.46% per annum payable quarterly in arrears.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the HKD500 million notes using interest rate swaps.

CIMB Bank has also undertaken fair value hedge on the interest rate risk and foreign currency risk of the HKD630 million notes using cross currency interest rate swaps.

(w) USD313 million notes

On 5 May 2015, CIMB Bank Berhad issued USD313 million 30-year callable zero coupon notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 5 May 2045, and are callable from 5 May 2020 and every two years thereafter up to 5 May 2044. The Notes have a yield to maturity of 4.50% per annum.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the USD313 million notes using interest rate swaps.

(x) EUR30 million notes

On 12 May 2015, CIMB Bank Berhad issued EUR30 million 1-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 12 May 2016 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3 months EURIBOR + 0.15 % per annum payable quarterly.

27 BONDS AND DEBENTURES (CONTINUED)

(y) SGD100 million notes

On 30 June 2015, CIMB Bank Berhad, acting through its Singapore branch, issued SGD100 million 3-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 30 June 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 2.12% per annum payable semi-annually.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the SGD100 million notes using interest rate swaps.

(z) CNY220 million notes

On 6 August 2015, CIMB Bank Berhad issued CNY220 million 3-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 6 August 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.25% per annum payable annually.

CIMB Bank has also undertaken fair value hedge on the interest rate risk and foreign exchange risk of the CNY220 million notes using cross currency interest rate swaps.

(aa) Equity link notes

During the financial year, CIMB Securities (Thailand) issued a THB5.0 million short-term unsubordinated and unsecured structured note under its THB1.50 billion Structured Notes Programme established on 28 August 2015. The note will mature in 1 month from the issue date. The note payoff shall range from 2% - 20%, depending on underlying securities as well as other terms such as strike level, protection level, etc.

28 OTHER BORROWINGS

		The Group		The Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Commercial Papers/Medium Term Notes	(a)	945,421	1,635,743	950,463	1,635,743
Term loan	(b)	5,454,419	4,735,914	3,522,123	2,669,272
Others	(c)	2,637,284	2,919,150	200,023	-
		9,037,124	9,290,807	4,672,609	4,305,015

(a) The Conventional Commercial Papers ("CPs"), Conventional Medium Term Notes ("MTNs") and Islamic Medium Term Notes ("iMTNs") were issued by the Company.

The CPs and iCPs are unsecured. The aggregate outstanding nominal value of the CPs and iCPs at any point in time shall not exceed RM6 billion.

The MTNs and iMTNs are unsecured. The aggregate outstanding nominal value of the MTN and iMTN at any point in time shall not exceed RM6 billion.

The main features of the CPs are as follows:

(i) In 2015, the Company issued the following CPs:
- On 28 December 2015, the Company issued RM100 million 3-month commercial papers ("CPs") and RM150 million 6-month CPs. The CPs bears a discount rate of 4.18% and 4.25%, respectively and will mature on 28 March 2016 and 28 June 2016, respectively. The CPs were issued out of its conventional commercial papers programme which together with its Islamic commercial papers programme, has a combined limit of RM6.0 billion in nominal value.

The main features of the MTNs are as follows:

(i) In 2011, the Company issued RM500 million MTNs which will mature on 14 April 2016. The MTNs carry an interest rate of 4.20% per annum.

(ii) In 2014, the Company issued RM1,130 million MTNs which has matured on 28 December 2015. The MTNs carry an interest rate of 4.30% per annum.

(iii) In 2015, the Company issued RM200 million MTNs which will mature on 29 December 2016. The MTNs carry an interest rate of 4.50% per annum.

28 OTHER BORROWINGS (CONTINUED)

(b) Term loans of the Company

In 2009, the Company secured an unsecured term loan amounting to RM1.0 billion to refinance its existing borrowings. The term loan is repayable in full at the end of three years on 26 June 2015. In 2015, the facility has been extended by another 3 years to 26 June 2018. It bears a floating interest rate of 3.76% (2014: 3.81%) per annum.

In 2011, the Company secured another unsecured term loan amounting to RM1.0 billion. The term loan is repayable in full at the end of three years on 27 October 2014. In 2014, the facility has been renewed by 3 years from 27 October 2014 to 27 October 2017. It bears a floating interest rate of 3.71% (2014: 3.5) per annum.

In 2012, the Company secured a term loan amounting to USD190 million from its subsidiary which bears a floating rate of 1.2% plus USD Cost of fund per annum. The term loan is secured by shares of its subsidiaries. The term loan is partially drawndown up to USD160.5 million as of 31 December 2013. The term loan will mature on 30 October 2017.

Term loans of the Group

Included in term loans of the Group are term loans of RM2,752,792,000 (2014: RM2,730,742,000) undertaken by CIMB Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 30 December 2016 (2014: 31 December 2015) being the earliest to mature and 29 March 2019 (2014: 29 March 2019) being the longest to mature. Interest rates charged are between 1.12% to 1.31% per annum (2014: 0.74% to 1.27% per annum).

(c) In 2015, the Company secured a revolving credit amounting to RM200 million from its subsidiary which bears an interest rate of 4.13% per annum. The facility is unsecured roll over on monthly basis.

Included in others of the Group are short term and long term borrowing of RM1,587,000,000 (2014: RM1,759,884,000) undertaken by CIMB Niaga and its subsidiaries. The maturity dates ranges from 1 to 5 years (2014: 1 to 5 years), with interest rates charged ranging from 1.13% to 13.50% per annum (2014: 0.93% to 13.00% per annum).

29 SUBORDINATED OBLIGATIONS

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Subordinated Notes 2010/2017 IDR1,380,000 million	(a)	439,218	397,957	-	-
Subordinated Notes 2010/2020 IDR1,600,000 million	(b)	497,873	450,495	-	-
Subordinated Bonds 2008/2038 RM1.0 billion, callable with step-up in 2018	(c)	1,015,525	1,015,786	-	-
Subordinated Bonds 2008/2058 RM1.0 billion, optional redemption in 2018	(d)	1,000,789	1,001,184	-	-
Subordinated Notes THB544 million	(e)	64,770	57,873	-	-
Subordinated Sukuk RM850 million (1st tranche due in 2024, optional redemption in 2019; 2nd tranche due in 2021, optional redemption in 2016; 3rd tranche due in 2022, optional redemption in 2017)	(f)	689,276	674,027	-	-
Subordinated Debt 2010/2020 RM1 billion, callable in 2015	(g)	-	1,001,060	-	-
Subordinated Debt 2010/2025 RM1 billion, callable in 2020	(g)	1,019,458	1,022,606	-	-
Subordinated Notes 2009/2059 RM1.38 billion, optional redemption in 2019	(h)	1,380,552	1,380,552	1,380,552	1,380,552
Subordinated Notes 2010/2060 RM150 million, callable with step-up in 2015	(i)	-	151,619	-	151,873
Subordinated Notes 2010/2060 RM600 million, callable with step-up in 2020	(i)	508,625	495,552	609,185	608,977
Subordinated Debt RM1.5 billion (1st tranche due in 2021, callable in 2016; 2nd tranche due in 2026, callable in 2021)	(j)	1,451,950	1,416,061	-	-
Subordinated Notes 2011/2021 THB3 billion, optional redemption in 2016	(k)	365,802	326,848	-	-
Subordinated Notes 2012/2022 THB3 billion, optional redemption in 2017	(l)	359,345	321,079	-	-
Subordinated Debt 2012/2022 RM1.5 billion, callable in 2017	(m)	1,447,633	1,434,349	-	-
Subordinated Debts 2013/2023 RM1.05 billion	(n)	1,059,244	1,057,600	-	-
Subordinated Notes 2014/2024 RM400 million	(o)	406,703	411,641	-	-
Subordinated Debts 2015/2025 RM2 billion	(p)	2,002,490	-	2,002,540	-
		13,709,253	12,616,289	3,992,277	2,141,402
Fair value changes arising from fair value hedges		(14,362)	(33,795)	-	-
		13,694,891	12,582,494	3,992,277	2,141,402

29 SUBORDINATED OBLIGATIONS (CONTINUED)

(a) Subordinated Notes 2010/2017 IDR1,380,000 million

The unsecured Subordinated Notes 2010/2017 IDR1,380,000 million ("the Notes") were issued by CIMB Niaga on 8 July 2010. The Notes were issued at scriptless, with term of 7 years from the emission date and with fixed interest rate of 11.30% per annum. The Notes were listed on the Indonesia Stock Exchange on 9 July 2010.

(b) Subordinated Notes 2010/2020 IDR1,600,000 million

The unsecured Subordinated Notes 2010/2020 IDR1,600,000 million ("the Notes") were issued by CIMB Niaga on 23 December 2010. The Notes were issued at scriptless, with term of 10 years from the emission date and with fixed interest rate of 10.85% per annum. The Notes were listed on the Indonesia Stock Exchange on 27 December 2010.

(c) Subordinated Bonds 2008/2038 RM1.0 billion

The RM1.0 billion unsecured subordinated bonds ("the RM1.0 billion Bonds") were issued by CIMB Bank at par on 7 October 2008 under the Innovative Tier-1 Capital Securities Programme ("T-1 Issue") which was approved by the Securities Commission on 24 September 2008. The RM1.0 billion Bonds are due on 7 October 2038 and callable with step-up interest on 7 October 2018. The RM1.0 billion Bonds bear an interest rate of 6.7% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 3-month KLIBOR plus 2.98%.

CIMB Bank may at its option, subject to the prior approval of BNM, redeem the RM1.0 billion Bonds in whole but not in part, on 7 October 2018 or any interest payment date thereafter, at their principal amount plus accrued interest.

The RM1.0 billion Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation (subject to the gradual phase-out treatment under Basel 3).

(d) Subordinated Bonds 2008/2058 RM1.0 billion

The RM1.0 billion unsecured subordinated bonds ("the Bonds") is part of the Non-Innovative Tier-1 Stapled Securities Issuance Programme ("the programme") which was approved by the Securities Commission on 17 December 2008. Under the programme, CIMB Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:

(i) Non-Cumulative Perpetual Capital Securities issued by CIMB Bank; and
(ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of CIMB Bank.

The Bonds under the first issuance were issued at par on 26 December 2008 and are due on 26 December 2058, with optional redemption on 26 December 2018 or any distribution payment date thereafter. The Bonds bear an interest rate of 7.2% per annum payable semi-annually in arrears.

Subject to the prior approval of BNM, CIMB Bank shall redeem the RM1.0 billion subordinated bonds in whole but not in part, on 26 December 2018 or any distribution payment date thereafter, at their principal amount plus accrued interest.

The Bonds qualify as Tier I Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

CIMB Bank has undertaken fair value hedge on the interest rate risk amounting to RM800 million of the RM1.0 billion Bonds using interest rate swaps.

(e) Subordinated Notes THB544 million

The THB 544 million subordinated notes ("the THB544 million Notes") represent the promissory notes previously issued by few financial institutions which had been transferred to CIMB Thai after the series of merger.

29 SUBORDINATED OBLIGATIONS (CONTINUED)

(f) Subordinated Sukuk RM850 million

The RM850 million unsecured subordinated Sukuk ("the Sukuk") is part of the Tier-2 Junior Sukuk programme by the Company's indirect subsidiary, CIMB Islamic Bank Berhad ("CIMB Islamic"), which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic 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 was issued at par on 25 September 2009 and are due on 25 September 2024, with optional redemption on 25 September 2019 or any or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears. Included in the RM300 million subordinated Sukuk was RM162.20 million (31 December 2012: RM170.15 million; 1 January 2012: RM182.15 million) subordinated Sukuk which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

On 21 April 2011, the second tranche of the Sukuk of RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum, payable semi-annually in arrears.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM250 million subordinated Sukuk using Islamic profit rate swaps.

On 18 September 2012, the third tranche of the Sukuk of RM300 million was issued at par and is due on 15 September 2022, with 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.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM300 million subordinated Sukuk using Islamic profit rate swaps.

Included in the RM300 million subordinated Sukuk was RM25,110,000 (2014: RM29,470,000) subordinated Sukuk which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

The RM850 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of CIMB Islamic (subject to the gradual phase-out treatment under Basel 3).

(g) Subordinated Debts RM2 billion

CIMB Bank has on 23 December 2010 completed the issuance of RM2.0 billion unsecured Subordinated Debt.

The RM2.0 billion Subordinated Debt issuance was issued under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter ("10 years tranche"), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter ("15 years tranche"). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for CIMB Bank's working capital purposes.

The RM2.0 billion subordinated debts qualify as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

On 23 December 2015, CIMB Bank redeemed in full the RM1.0 billion 10 years tranche Subordinated Debt on its first optional redemption date of 23 December 2015.

(h) Subordinated Notes 2009/2059 RM1.38 billion

The RM1.38 billion unsecured subordinated fixed rate notes ("the RM1.38 billion Notes") is part of the Subordinated Notes Programme which was approved by the Securities Commission on 12 June 2009. Under the programme, the Company is allowed to issue subordinated fixed rate notes of up to RM3.0 billion in nominal value.

The RM1.38 billion Notes under the first issuance were issued at par on 30 June 2009 and are due on 30 June 2059, with optional redemption on 30 June 2019 or any periodic payment date thereafter. It bears an interest rate of 7.30% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 6 months KLIBOR + 1% plus original credit spread. The original credit spread is calculated as 7.3% less the 10 year swap rate as per the 11 am BNM fixing rate on 23 June 2009.

29 SUBORDINATED OBLIGATIONS (CONTINUED)

(i) Subordinated Notes 2010/2060 RM150 million and RM600 million

The RM750 million unsecured Cumulative Subordinated Fixed Rate Notes (“the RM750 million Notes”) issued by the Company on 5 April 2010, comprising a callable 5 year tranche and 10 year tranche, amounting to RM150 million and RM600 million respectively, was part of the Subordinated Notes Programme which was approved by the Securities Commission on 12 June 2009. Under the programme, the Company is allowed to issue subordinated fixed rate notes of up to RM3.0 billion in nominal value.

Included in the RM600 million subordinated notes was RM100,560,000 (2014: RM111,950,000) subordinated notes which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

Both tranches have a maturity of 50 years, with call option for the Issuer to redeem at year 5 and on each subsequent coupon payment date, and year 10 and on each subsequent coupon payment date respectively.

The 5 year Tranche pays a semi annual coupon rate of 5.3% per annum whilst the 10 year Tranche pays a coupon of 6.35% per annum. The coupon will be stepped up by 2.0% in the event the Company does not redeem the RM750 million Notes on the respective first call date.

On 3 April 2015, the Company has fully redeemed the RM150 million subordinated notes.

(j) Subordinated Debt RM1.5 billion

CIMB Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

The RM1.5 billion Subordinated Debt issuance was the second issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“Tranche 1”), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“Tranche 2”). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia’s approval.

The coupon rate for the Subordinated Debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for CIMB Bank’s working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion and RM150 million subordinated debts using interest rate swaps.

Included in the RM1.5 billion subordinated debt was RM72,935,000 (2014: RM109,170,000) subordinated debt which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(k) Subordinated Notes 2011/2021 THB3 billion

On 14 July 2011, CIMB Thai issued 3,000,000 units unsecured 10-year subordinated notes (“the THB3 billion Notes”). The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry constant interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January.

The THB3 billion Notes will mature on 14 July 2021. CIMB Thai may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

29 SUBORDINATED OBLIGATIONS (CONTINUED)

(l) Subordinated Notes 2012/2022 THB3 billion

On 9 November 2012, CIMB Thai issued 3,000,000 units unsecured 10-year subordinated notes ("the THB3 billion Notes"). The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 4.80% per annum payable semi annually on 9 November and 9 May.

The THB3 billion Notes will mature on 9 November 2022. CIMB Thai may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

(m) Subordinated Debt 2012/2022 RM1.5 billion

CIMB Bank has on 30 November 2012 completed the issuance of RM1.5 billion unsecured subordinated debt.

The RM1.5 billion subordinated debt issuance was the third issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued as a single tranche of RM1.5 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter. Redemption of the subordinated debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the subordinated debt is 4.15% per annum. There is no step up coupon after call dates. Proceeds from the issuance will be used for CIMB Bank's working capital purposes.

Included in the RM1.5 billion subordinated debt was RM57,330,000 (2014: RM71,450,000) subordinated debt which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debt using interest rate swaps.

(n) Subordinated Debts 2013/2023 RM1.05 billion

On 1 August 2013 CIMB Bank has successfully set up a Basel 3 Compliant Tier 2 Subordinated Debt Issuance Programme of up to RM10.0 Billion in nominal value ("Basel 3 Subordinated Debt Programme"). The Basel 3 Subordinated Debt Programme was approved by Securities Commission on 10 June 2013.

CIMB Bank has on 13 September 2013 completed the inaugural issuance of a RM750 million Subordinated Debt under the Basel 3 Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM750 million tranche at 4.80% per annum with a maturity of 10 years non-callable at the end of year 5.

CIMB Bank has on 16 October 2013 completed the second issuance of a RM300 million Subordinated Debt under the Basel 3 Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM300 million at 4.77% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the Subordinated Debts on the call dates shall be subject to Bank Negara Malaysia ("BNM")'s approval. There is no step up coupon after call dates. The proceeds of the Subordinated Debts shall be made available to CIMB Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by CIMB Bank.

The RM1.05 billion Subordinated Debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework (Capital Components). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

29 SUBORDINATED OBLIGATIONS (CONTINUED)

(o) Subordinated Debts 2014/2024 RM400 million

On 7 July 2014, CIMB Thai Bank issued RM400 million 10-years non callable 5 years Basel 3 compliant Tier 2 subordinated notes ("RM400 million Notes") to their overseas investors. The RM400 milion Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

The RM400 million Notes will mature on 5 July 2024. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

CIMB Thai Bank has an approval from Bank of Thailand to classify the RM400 million Notes as Tier II capital according to the correspondence For Kor Kor. (02) 453/2557.

(p) Subordinated Notes 2015/2025 RM2 billion

On 23 December 2015, CIMB Group Holdings Berhad issued MYR2.0 Billion 10 years non-callable 5 years Tier 2 subordinated debt bearing a fixed rate coupon of 5.15% p.a.. The said subordinated debt was issued out of a newly established RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM2.0 Billion Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

The Group has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts using interest rate swaps.

30 SHARE CAPITAL

		The Group and the Company	
	Note	2015	2014
		RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
At 1 January/31 December		10,000,000	10,000,000
Issued and fully paid shares of RM1.00 each:			
At 1 January		8,423,751	7,729,346
Issued during the financial year:			
- Dividend reinvestment scheme issued on:			
- 28 April 2015	(i)	66,040	-
- 23 October 2015	(ii)	37,481	-
- 24 April 2014	(iii)	-	107,176
- 30 October 2014	(iv)	-	87,229
- Private placement	(v)	-	500,000
At 31 December		8,527,272	8,423,751

(a) Increase in issued and paid-up capital

During the financial year, the Company increased its issued and paid-up capital from RM8,423,750,993 to RM8,527,272,238 via:

(i) Issuance of 66,040,583 new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the second interim dividend of 5.00 sen in respect of financial year ended 31 December 2014, as disclosed in Note 43(a);

(ii) Issuance of 37,480,662 new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the first interim dividend of 3.00 sen in respect of financial year ended 31 December 2015, as disclosed in Note 43(b).

30 SHARE CAPITAL (CONTINUED)

(a) Increase in issued and paid-up capital (Continued)

In respect of financial year 31 December 2014, the Company increased its issued and paid-up capital from RM7,729,345,939 to RM8,423,750,993 via:

(iii) Issuance of 107,176,094 new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the second interim dividend of 10.33 sen in respect of financial year ended 31 December 2013, as disclosed in Note 43(a);

(iv) Issuance of 87,228,960 new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the first interim dividend of 10.00 sen in respect of financial year ended 31 December 2014, as disclosed in Note 43(b);

(v) Issuance of 500 million new ordinary shares of RM1.00 each arising from private placement pursuant to the shareholders' mandate under Section 132D of the Companies Act, 1965 obtained at the Company's Annual General Meeting on 17 April 2013. The private placement was completed on 23 January 2014.

(b) Dividend Reinvestment Scheme

On 18 January 2013 the Company announced the proposal to put in place a dividend reinvestment scheme that would allow the shareholders of the Company ("Shareholders") to have the option to elect to reinvest their cash dividends in new ordinary shares ("New CIMB Shares") ("Dividend Reinvestment Scheme").

The Dividend Reinvestment Scheme has received the necessary approval from Bursa Securities on 5 February 2013, its shareholders via an Extraordinary General Meeting held on 25 February 2013 and from Bank Negara Malaysia on 25 March 2013.

The scheme would allow the Board, at its absolute discretion, to offer either the Dividend Reinvestment Scheme or full cash for the Group's dividends as and when it deems appropriate vis-à-vis the Group's capital strategy and plans.

The rationale of the Dividend Reinvestment Scheme are as follows:

(i) CIMB's capital management strategy

As part of the Company's capital management strategy, the Dividend Reinvestment Scheme would provide the Company additional flexibility in managing its capital position.

(ii) Enhancing shareholder value with reasonable dividend yield

The Dividend Reinvestment Scheme will provide an opportunity for shareholders to enjoy dividend yield while preserving capital for the Company.

Since the announcement of Basel III, many global banks have taken a cautious stance in capital management including that of reducing dividend payments. Whilst this stance will improve a banks' capital ratios, such actions may result in lower dividend yields and may eventually reduce investors' interest in the banking industry.

The Dividend Reinvestment Scheme provides an alternative for banks to balance the demand of its investors and its capital objective.

(iii) Alternative mode of payment of Dividends

The implementation of the Dividend Reinvestment Scheme will provide an avenue for shareholders to elect to exercise the option to reinvest all or part of their dividends into New CIMB Shares in lieu of receiving cash dividend.

The shareholders shall have the following options in respect of an option to reinvest announced by the Board under the Dividend Reinvestment Scheme:

(i) to elect to participate by reinvesting the whole or part of the Electable Portion at the issue price for New CIMB Shares.

In the event that only part of the Electable Portion is reinvested, the shareholders shall receive cash for the remaining portion of the Electable Portion not reinvested; or

(ii) to elect not to participate in the option to reinvest and thereby receive the entire dividend entitlement wholly in cash.

31 PREFERENCE SHARES

	Note	The Group 2015 RM'000	The Group 2014 RM'000
Liability			
Non-cumulative guaranteed preference shares	31(a)	-	733,522
Redeemable prefence shares	31(b)	-	36,666
		-	770,188
Equity			
Perpetual preference shares	31(c)	200,000	200,000

(a) Non-cumulative guaranteed preference shares

	The Group 2015 RM'000	The Group 2014 RM'000
Authorised		
Non-cumulative guaranteed preference shares of USD0.01 each		
At 1 January/31 December	8	8

	The Group 2015 RM'000	The Group 2014 RM'000
Issued and fully paid		
Non-cumulative guaranteed preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	728,250	728,250

The Group has undertaken fair value hedge on the interest rate risk of the USD200 million non-cumulative guaranteed preference shares using interest rate swaps.

	The Group 2015 RM'000	The Group 2014 RM'000
Non-cumulative guaranteed preference shares, at cost	733,522	728,250
Fair value changes arising from fair value hedges	-	28,870
Redemption	(733,522)	-
Foreign exchange translations and interest payables	-	(23,598)
	-	733,522

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2015 was RMNil (2014: RM32,924,146).

31 PREFERENCE SHARES (CONTINUED)

(a) Non-cumulative guaranteed preference shares (Continued)

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation ("SCC"), a wholly-owned subsidiary company of CIMB Bank incorporated in Labuan. The main features of the SCC Preference Shares are as follows:

(i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.

(ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of BNM, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.

(iii) The SCC Preference Shares will not be convertible into ordinary shares.

(iv) The SCC Preference Shares are guaranteed by CIMB Bank on a subordinated basis. If the SCC Preference Shares have not been redeemed in full on or prior to 2 November 2055, CIMB Bank shall cause the substitution of the SCC Preference Shares with Preference Shares issued by CIMB Bank (Substitute Preference Shares) and the SCC Preference Shares shall be mandatory exchanged for such Substitute Preference Shares having economic terms which are in all material aspects equivalent to those of the SCC Preference Share.

The SCC Preference Shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange Inc on 4 November 2005 and 24 November 2005 respectively, and qualify as Tier-1 Capital for the purpose of the RWCR computation, subject to the limit as prescribed in the "Guidelines on Innovative Tier 1 Capital Instruments" issued by Bank Negara Malaysia on 24 December 2004.

On 2 November 2015, CIMB Bank has fully settled its USD200 million subordinated loan to SCC in connection and concurrent with the redemption of SCC's Preference Shares on the First optional Redemption Date of 2 November 2015.

31 PREFERENCE SHARES (CONTINUED)

(b) Redeemable preference shares

		The Group	
		2015	2014
		RM'000	RM'000
Authorised			
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(i)	1,000	1,000
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(ii)	350	350
Issued and fully paid			
Redeemable preference shares of RM0.01 each	(i)		
At 1 January		36,666	100,000
Deemed disposal of subsidiary		(36,666)	-
Redeemed during the financial year		-	(63,334)
At 31 December		-	36,666
Redeemable preference shares of RM0.01 each	(ii)		
At 1 January		-	28,196
Redeemed during the financial year		-	(28,196)
At 1 January/31 December		-	-

(i) On 2 October 2006, a subsidiary, Commerce Agro Ventures Sdn Bhd ("CAgV"), has allotted and issued redeemable preference shares ("RPS") to an external party amounting to RM100,000,000, comprising RM1,000,000 at nominal value and RM99,000,000 at premium.

The main features of the RPS are as follows:

- The RPS does not carry any fixed dividends.
- The maturity date of the RPS is either the date corresponding to the 15th anniversary of the issue date or such other date as the Board may resolve.
- In the event of winding-up of CAgV or other repayment of capital, the RPS carries the rights to have the surplus assets applied first in paying off the RPS holders.
- The RPS rank *pari passu* in all aspects among themselves.
- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

On 29 September 2014, a subsidiary, CAgV has distributed RM95,000,000, comprising RM950,000 at nominal value and RM94,050,000 at premium via capital reduction. RM63,333,333 is distributed to an external party and RM31,666,667 is distributed to the Immediate Holding Company, Commerce Asset Ventures Sdn Bhd ("CAV"). CAgV has commenced member's voluntary liquidation in 2015.

31 PREFERENCE SHARES (CONTINUED)

(b) Redeemable preference shares (Continued)

(ii) On 20 February 2006, a subsidiary, Commerce-KPF Ventures Sdn Bhd ("CKPF"), has allotted and issued redeemable preference shares ("RPS") to an external party amounting to RM35,000,000, comprising RM350,000 at nominal value and RM34,650,000 at premium.

The main features of the RPS are as follows:

- The RPS carries a fixed cumulative dividend of 5% per annum.
- The maturity date of the RPS is either:

  (i) the date corresponding to the 5th anniversary of the issue date; or
  (ii) the date corresponding to the 7th anniversary of the issue date; or
  (iii) such other date as the Board may resolve.

- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

Subsequently, CKPF has allotted and issued RPS to an external party amounting to RM17,500,000, comprising RM175,000 at nominal value and RM17,325,000 at premium.

The main features of the RPS are as follows:

- The RPS carries a fixed cumulative dividend of 5% per annum.
- The maturity date of the RPS is either :

  (i) the date corresponding to the 5th anniversary of the issue date; or
  (ii) the date corresponding to the 7th anniversary of the issue date; or
  (iii) such other date as the Board may resolve.

Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

In 2014, CKPF had fully redeemed the RPS, of which RM16,839,697 is converted into ordinary shares.

(c) Perpetual preference shares

	The Group	
	2015	2014
	RM'000	RM'000
Authorised		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	500,000	500,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	200,000	200,000

The main features of the perpetual preference shares ("PPS") are as follows:

(i) The PPS has no right to dividends.

(ii) In the event of liquidation, dissolution or winding-up of CIMB Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of CIMB Bank.

(iii) The PPS rank *pari passu* in all aspects among themselves.

(iv) CIMB Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act, 1965 and as approved by Bank Negara Malaysia.

32 RESERVES

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Share premium - ordinary shares		10,404,339	9,973,065	10,404,340	9,973,065
Statutory reserves	(a)	6,440,445	5,650,713	-	-
Regulatory reserve	(b)	1,021,683	593,795	-	-
Capital reserve	(c)	137,104	137,104	55,982	55,982
Exchange fluctuation reserves	(d)	1,085,258	(1,183,616)	-	-
Revaluation reserve					
- Financial investments available-for-sale	(e)	(152,566)	149,847	-	-
Retained earnings	(f)	15,015,585	14,060,733	1,855,444	1,241,859
Share-based payment reserve	(g)	91,985	119,739	-	-
Other reserves					
- Hedging reserve - net investment hedge	(h)	(1,354,855)	(342,574)	-	-
- Hedging reserve - cash flow hedge	(i)	(21,472)	(7,323)	-	-
- EOP reserve - shares purchased pending release	(j)	(131,466)	(202,468)	-	-
- Defined benefits reserves	(k)	(11,928)	(11,725)	-	-
		32,524,112	28,937,290	12,315,766	11,270,906

(a) The statutory reserves of the Group are maintained by the certain banking subsidiaries in Malaysia in compliance with the BNM guidelines and include a reserve maintained by a subsidiary in compliance with the Bursa Malaysia Securities Berhad Rules and Regulations. The statutory reserves of the foreign banking subsidiaries and foreign stockbroking subsidiaries of the Group in compliance with various rules and regulations of various authorities. These reserves are not distributable by way of cash dividends.

(b) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2010. The regulatory reserve is debited against retained earnings.

(c) The capital reserve of the Group arose from the dilution of equity interest in subsidiaries resulted from the shares option scheme undertaken by the subsidiary in previous years.

(d) Exchange translation differences have arisen from translation of net assets of Labuan offshore subsidiaries, foreign branches and foreign subsidiaries. These translation differences are shown under exchange fluctuation reserves.

(e) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.

(f) As at 31 December 2015, the Company has sufficient tax exempt account balances to pay tax exempt dividends of up to RM477,522,037 (2014: RM477,522,037) out of its retained earnings.

(g) The Share-based payment reserve arose from the Equity Ownership Plan ("EOP"), the Group's share-based compensation benefit.

(h) Hedging reserve arises from net investment hedge activities undertaken by the Group on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed.

(i) Hedging reserve arises from cash flow hedge activities undertaken by the Group to hedge held-to-maturity securities, financial investment available-for-sale, senior bonds issued and interbranch lending against foreign exchange risk using currency swaps, which were subsequently terminated by the Group with cumulative gain of RM35,675 (2014: RM84,204) remaining in equity. The Group have also entered into cash flow hedges on financial investment available-for-sale, senior bond issued and interbranch lending.

The reserve is non-distributable and is reversed to the statement of income when the hedged items affect the statement of income or termination of the cash flow hedge.

(j) EOP reserve reflects the Group's shares purchased for EOP under share-based compensation benefits, pending release to its employees.

(k) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.

33 SHARES HELD UNDER TRUST AND TREASURY SHARES

(a) Shares held under trust

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January/31 December	563	563

As an integral part of the CIMBB's restructuring exercise in 2005, the then existing CIMBB's ESOS and Employee Equity Scheme ("EES") ceased to have any value pursuant to the delisting from Bursa Malaysia Securities Berhad. Accordingly, consistent with the fair treatment to all Executive Employees and the spirit of continuity of the scheme in existence, the schemes were modified with terms and conditions remaining and subsequently called the Modified EESOS. For the EES, the remaining options were accelerated and exercised prior to the completion of the CIMBB's restructuring.

The CIMBB restructuring exercise and the schemes were approved by the shareholders of the Company during the Extraordinary General Meeting held on 8 September 2005. The modified schemes entailed the following:

(i) The setting up of a trust to subscribe for all the remaining CIMBB shares under the unexercisable tranches under the CIMBB ESOS ("ESOS Trust") prior to the implementation of the CIMBB restructuring. The subscription was facilitated through an accelerated vesting of the unexercisable options. The funding for the subscription for the CIMBB shares by the trustee for both Trusts was provided by the Company by way of a loan.

(ii) Under the CIMBB restructuring exercise, both trustees have opted for new shares of the Company at the ratio of approximately 1.146 of the Company's shares for one CIMBB share. The Executive Employees or the CEO are entitled to instruct the trustee as to the sale, subject to a minimum market price that is higher than a price to be determined by dividing the existing adjusted exercise price by the ratio of approximately 1.146, plus transaction costs and any income tax liability, if applicable, of such shares of the Company in the manner as previously provided under the CIMBB ESOS.

(iii) The number of the Company's shares subject to such instruction per annum will be in the same proportion as per the adjusted total outstanding number under the previous CIMBB ESOS multiplied by the ratio approximately 1.146.

(iv) If the Executive Employee or CEO opt to instruct the trustee to transfer or sell in the market, upon such instruction under the Modified EESOS and Modified CEO Option, a proportion of the proceeds received by the Trustee, plus any income tax, if applicable, will be retained by the Trustee and used to offset the Loan and the excess (net of transaction costs) will be payable to the Executive Employee or CEO.

As at 31 December 2015, there are 258,000 (2014: 258,000) units remain unexercised.

(b) Treasury shares, at cost

	The Group and the Company			
	2015		2014	
	Units '000	RM'000	Units '000	RM'000
At 1 January	5	42	5	41
Purchased during the financial year	*	1	*	1
At 31 December	5	43	5	42

* *denote 200 units (2014: 200 units)*

The shareholders of the Company, via an ordinary resolution passed at the Annual General Meeting held on 28 April 2015, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of existing total paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 200 (2014: 200) of its issued share capital at an average price (including transaction costs) of RM5.68 per share (2014: RM7.16 per share), from the open market. As at the reporting date, there were 4,808 ordinary shares held as treasury shares (2014: 4,608). The total consideration paid for the share buyback during the financial year, including transaction costs is RM1,049 (2014: RM1,432) and was financed by internally generated funds. Treasury shares have no rights to vote, dividends and participation in other distribution.

34 INTEREST INCOME

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing:				
- Interest income other than recoveries	14,760,286	12,959,181	-	2
- Unwinding income^	63,949	88,250	-	-
Money at call and deposits with financial institutions	488,308	455,385	37,407	52,472
Reverse repurchase agreements	147,610	149,032	-	-
Financial assets held for trading	460,139	519,141	-	-
Financial investments available-for-sale	1,391,453	1,193,931	-	-
Financial investments held-to-maturity	803,473	645,622	2,540	-
Others	25,599	37,366	-	30
	18,140,817	16,047,908	39,947	52,504
Accretion of discounts less amortisation of premiums	(42,198)	11,095	-	-
	18,098,619	16,059,003	39,947	52,504

^ Unwinding income is interest income earned on impaired financial assets

35 INTEREST EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	417,327	280,481	-	-
Deposits from other customers	6,455,322	5,574,600	-	-
Repurchase agreements	184,840	64,104	-	-
Bonds and debentures	312,010	246,483	-	-
Subordinated obligations	653,717	611,389	143,384	146,790
Financial liabilities designated at fair value	124,505	106,235	-	-
Negotiable certificates of deposits	181,282	118,187	-	-
Other borrowings	369,142	322,706	167,891	121,834
Recourse obligation on loan and financing sold to Cagamas	5,591	-	-	-
Others	58,139	79,270	-	-
	8,761,875	7,403,455	311,275	268,624

36 NET NON-INTEREST INCOME

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net fee and commission income:				
Commissions	771,850	689,754	-	-
Fee on loans, advances and financing	560,215	523,127	-	-
Portfolio management fees	25,358	22,401	-	-
Service charges and fees	656,866	633,820	-	-
Corporate advisory fees	105,965	56,844	-	-
Guarantee fees	67,680	75,394	-	-
Other fee income	308,341	337,962	-	-
Placement fees	28,190	33,794	-	-
Underwriting commission	28,392	57,645	-	-
Fee and commission income	2,552,857	2,430,741	-	-
Fee and commission expense	(583,946)	(527,774)	-	-
Net fee and commission income	1,968,911	1,902,967	-	-
Gross dividend income from:				
In Malaysia				
- Subsidiaries	-	-	1,581,503	1,846,982
- Financial assets held for trading	51,080	58,139	-	-
- Financial investments available-for-sale	18,815	16,565	-	-
Outside Malaysia				
- Financial assets held for trading	5,617	2,630	-	-
- Financial investments available-for-sale	5,939	7,100	-	-
	81,451	84,434	1,581,503	1,846,982
Net (loss)/gain arising from financial assets held for trading:				
- Realised	(248,353)	(77,858)	-	-
- Unrealised	(521,504)	(124,405)	-	-
	(769,857)	(202,263)	-	-
Net gain/(loss) arising from derivative financial instruments:				
- Realised	736,695	772,391	376	2,849
- Unrealised	1,718,239	231,374	(404)	(3,462)
	2,454,934	1,003,765	(28)	(613)
Net (loss)/gain arising from financial liabilities designated at fair value:				
- Realised	(40,496)	(60,487)	-	-
- Unrealised	(71,303)	(34,478)	-	-
	(111,799)	(94,965)	-	-
Net gain arising from hedging activities	27,616	16,344	-	-

36 NET NON-INTEREST INCOME (CONTINUED)

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net gain from sale of financial investments available-for-sale	172,347	119,822	-	-
Net gain from redemption/maturity of financial investments held-to-maturity	16	2,640	-	-
Income from assets management and securities services	313,436	263,081	-	-
Brokerage income	440,232	511,572	-	-
Other non-interest income:				
Foreign exchange gain/(loss):				
- Realised	192,503	152,576	(22)	37
- Unrealised	(573,607)	(167,486)	(85)	12,024
Gain from distribution from joint ventures	14,824	-	-	-
Gain on remeasurement of equity interests retained as an associate	-	30,987	-	-
(Loss)/Gain on disposal of interests in subsidiaries	(2,473)	49,553	-	-
Rental income	24,197	16,882	284	284
Gain on disposal of property, plant and equipment/ assets held for sale	4,475	68,875	50	-
Gain on disposal of leased assets	85	42	-	-
Gain on disposal of associates and joint ventures	3,610	17,430	-	-
Loss on revaluation of investment properties	(2,880)	-	-	-
Other non-operating income	259,268	295,592	5,964	362
Underwriting surplus before management expenses (Note 36 (a))	20,066	18,807	-	-
Loss on disposal of foreclosed properties	(27,326)	(61,557)	-	-
	(87,258)	421,701	6,191	12,707
	4,490,029	4,029,098	1,587,666	1,859,076

(a) Underwriting surplus before management expenses is as follows:

	The Group	
	2015	2014
	RM'000	RM'000
Insurance premium earned	213,242	240,400
Net claims incurred	(174,859)	(205,755)
Net commissions	(18,317)	(15,838)
	20,066	18,807

37 OVERHEADS

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	3,871,356	3,674,600	-	-
- Pension costs (defined contribution plan)	227,976	280,420	-	-
- Pension costs (defined benefit plans (Note 26(b))	133,999	54,578	-	-
- Overtime	29,217	34,133	-	-
- Staff incentives and other staff payments	206,845	253,013	6	5
- Medical expenses	106,286	107,358	-	-
- Mutual separation scheme	482,792	-	-	-
- Termination benefits	54,092	3,909	-	-
- Others	209,395	201,560	5	233
Establishment costs				
- Depreciation of property, plant and equipment	354,014	322,108	497	546
- Impairment of property, plant and equipment	1,094	-	-	-
- Depreciation of investment properties	-	-	18	19
- Amortisation of prepaid lease payments	11,215	11,364	-	-
- Rental	559,461	472,263	-	-
- Repair and maintenance	470,294	450,730	115	152
- Outsourced services	284,179	284,662	-	-
- Security expenses	125,779	129,305	-	-
- Others	241,474	250,239	174	(79)
Marketing expenses				
- Sales commission	6,917	8,483	-	-
- Advertisement	262,954	260,151	11	-
- Others	89,282	102,928	6	74
Administration and general expenses				
- Amortisation of intangible assets	340,159	323,477	-	-
- Legal and professional fees	201,842	172,114	9,138	7,810
- Stationery	61,348	63,519	-	-
- Communication	115,729	145,165	-	10
- Incidental expenses on banking operations	46,151	41,087	-	-
- Insurance	263,302	223,032	-	-
- Others	491,826	421,765	5,523	2,911
	9,248,978	8,291,963	15,493	11,681

37 OVERHEADS (CONTINUED)

The above expenditure includes the following statutory disclosures:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 40)	11,020	7,115	2,685	1,710
Rental of premises	302,759	263,370	-	-
Hire of equipment	12,022	12,031	-	-
Lease rental	127,639	50,095	-	-
Auditors' remuneration				
Audit				
- Statutory audit (PricewaterhouseCoopers Malaysia*)	4,269	4,467	367	481
- Statutory audit (other member firms of PricewaterhouseCoopers International Limited*)	6,824	6,276	-	-
- Limited review (PricewaterhouseCoopers Malaysia*)	820	888	-	-
- Limited review (other member firms of PricewaterhouseCoopers International Limited*)	847	837	-	-
- Other audit related (PricewaterhouseCoopers Malaysia*)	378	958	24	23
- Other audit related (other member firms of PricewaterhouseCoopers International Limited*)	381	328	-	-
Non-audit				
- Non-audit services (PricewaterhouseCoopers Malaysia*)	381	363	76	5
- Non-audit services (other member firms of PricewaterhouseCoopers International Limited*)	2,529	2,902	-	-
Other auditors' remuneration				
- Statutory audit	-	-	-	-
- Non-audit services	-	-	-	-
Property, plant and equipment written off	1,141	7,148	-	-

* PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

38 ALLOWANCE MADE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group	
	2015	2014
	RM'000	RM'000
Net allowance made during the financial year:		
- Individual impairment allowance	1,053,963	952,176
- Portfolio impairment allowance	1,411,219	887,551
Impaired loans and financing:		
- Recovered	(351,674)	(342,424)
- Written off	55,116	24,765
	2,168,624	1,522,068

39 ALLOWANCE MADE/(WRITTEN BACK) FOR IMPAIRMENT LOSSES

	The Group	
	2015	2014
	RM'000	RM'000
Financial investments available-for-sale:		
- Net allowance made during the financial year	110,067	34,715
Financial investments held-to-maturity:		
- Net allowance written back during the financial year	(388)	(338)
Goodwill:		
- Impairment made during the financial year	-	127,945
Associates:		
- Net allowance made during the financial year	-	175
	109,679	162,497

40 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Executive Directors
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz

Non-Executive Directors
Dato' Zainal Abidin bin Putih
Glenn Muhammad Surya Yusuf
Robert Neil Coombe
Joseph Dominic Silva
Dato' Sri Mohamed Nazir bin Abdul Razak
Watanan Petersik
Teoh Su Yin
Datuk Mohd Nasir Ahmad (appointed on 20 July 2015)
Dato' Lee Kok Kwan (appointed on 20 July 2015)
Kenji Kobayashi (resigned on 8 March 2016)
Hiroaki Demizu (appointed on 8 March 2016)

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	1,560^	1,907^	-	-
- Benefits-in-kind	5,362	15	-	-
	6,922	1,922	-	-
Non-Executive Directors				
- Fees	1,476	1,735	1,049	809
- Other remuneration	2,585	3,150^	1,636	873
- Benefits-in-kind	37	308	-	28
	4,098	5,193	2,685	1,710
	11,020	7,115	2,685	1,710

^ These salary and other remuneration include bonus accruals in relation to the directorship of certain Directors in certain subsidiaries. The Directors' bonus for the financial year 2015 will be paid in tranches, spread over financial year 2016, while for financial year 2014, it was similarly paid in tranches, spread over financial year 2015. A similar condition is also imposed on the bonus for certain key personnel.

40 DIRECTORS' REMUNERATION (CONTINUED)

	Fees	Salary and/ or other remuneration	Benefits-in-kind	The Group Total	Fees	Salary and/ or other remuneration	Benefits-in-kind	The Company Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Executive Directors								
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	1,560	5,362	6,922	-	-	-	-
	-	1,560	5,362	6,922	-	-	-	-
Non-Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak	228	1,332	-	1,560	132	1,019	-	1,151
Dato' Zainal Abidin bin Putih	282	502	37	821	126	121	-	247
Dato' Robert Cheim Dau Meng	38	126	-	164	-	-	-	-
Watanan Petersik	133	80	-	213	121	80	-	201
Glenn Muhammad Surya Yusuf	136	83	-	219	124	82	-	206
Datuk Mohd Nasir Ahmad	83	100	-	183	51	32	-	83
Dato' Lee Kok Kwan	83	92	-	175	50	33	-	83
Kenji Kobayashi	114	41	-	155	102	40	-	142
Joseph Dominic Silva	126	56	-	182	114	56	-	170
Robert Neil Coombe	114	49	-	163	102	49	-	151
Teoh Su Yin	139	124	-	263	127	124	-	251
	1,476	2,585	37	4,098	1,049	1,636	-	2,685
	1,476	4,145	5,399	11,020	1,049	1,636	-	2,685
2014								
Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak^	-	1,907	15	1,922	-	-	-	-
	-	1,907	15	1,922	-	-	-	-
Non-Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak^	321	436	50	807	34	245	-	279
Tan Sri Dato' Md Nor bin Md Yusof	84	280	28	392	68	276	28	372
Dato' Zainal Abidin bin Putih	282	483	37	802	126	88	-	214
Dato' Hamzah bin Bakar	78	177	41	296	37	25	-	62
Dato' Robert Cheim Dau Meng	-	592	51	643	-	-	-	-
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	195	452	27	674	63	34	-	97
Glenn Muhammad Surya Yusuf	333	340	74	747	114	49	-	163
Watanan Petersik	138	219	-	357	126	55	-	181
Katsumi Hatao	18	9	-	27	16	7	-	23
Kenji Kobayashi	81	22	-	103	72	20	-	92
Joseph Dominic Silva	98	88	-	186	57	26	-	83
Robert Neil Coombe	81	28	-	109	72	25	-	97
Teoh Su Yin	26	24	-	50	24	23	-	47
	1,735	3,150	308	5,193	809	873	28	1,710
	1,735	5,057	323	7,115	809	873	28	1,710

^ Dato' Sri Mohamed Nazir bin Abdul Razak resigned as an Executive Director on 30 August 2014 and was subsequently redesignated as a Non-Executive Director on 1 September 2014.

41 TAXATION

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	928,480	778,695	11,549	13,281
- Foreign tax	171,891	309,246	-	-
	1,100,371	1,087,941	11,549	13,281
Deferred taxation (Note 10)	(67,932)	39,480	(171)	(859)
Over accrual in prior years	(14,391)	(25,555)	-	(691)
	1,018,048	1,101,866	11,378	11,731

Reconciliation between tax charge and the Malaysian tax rate:

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	3,913,993	4,276,423	1,300,845	1,631,275
Tax calculated at a rate of 25%	978,498	1,069,106	325,211	407,819
Income not subject to tax	(24,050)	(109,261)	(397,598)	(466,665)
Effects of different tax rates in other countries	(175,785)	(156,608)	-	-
Effects of change in tax rates	9,295	-	-	-
Expenses not deductible for tax purposes	247,062	329,490	83,765	71,268
Utilisation of previously unrecognised tax losses	(2,581)	(5,306)	-	-
Over accrual in prior years	(14,391)	(25,555)	-	(691)
Tax charge of current financial year	1,018,048	1,101,866	11,378	11,731

42 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2015	2014
Profit for the financial year (RM'000)	2,849,509	3,106,808
Weighted average number of ordinary shares in issue ('000)	8,475,522	8,288,256
Basic earnings per share (expressed in sen per share)	33.6	37.5

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

43 DIVIDENDS PER ORDINARY SHARE

	The Group and the Company			
	2015		2014	
	Gross per share	Amount of dividend net of tax	Gross per share	Amount of dividend net of tax
	sen	RM'000	sen	RM'000
Interim dividend	5.00	421,187[a]	10.33	850,091[c]
Interim dividend	3.00	254,694[b]	10.00	833,652[d]
	8.00	675,881	20.33	1,683,743

(a) The dividend consists of electable portion of 5.00 sen per ordinary shares, of which 4.32 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM363,883,293 and a total of RM57,303,707 cash dividend was paid on 28 April 2015.

(b) The dividend consists of electable portion of 3.00 sen per ordinary shares, of which 2.01 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM170,912,213 and a total of RM83,781,787 cash dividend was paid on 23 October 2015.

(c) The dividend consists of electable portion of 10.33 sen per ordinary shares, of which 8.53 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM702,003,488 and a total of RM148,087,512 cash dividend was paid on 23 April 2014.

(d) The dividend consists of electable portion of 10.00 sen per ordinary shares, of which 7.09 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM591,412,596 and a total of RM242,239,404 cash dividend was paid on 29 October 2014.

Dividends recognised as distributions to owners:

The single-tier second interim dividend for the previous financial year was approved by the Board of Directors on 30 January 2015 and paid in the current financial year. This is shown as a deduction from the retained earnings in the statements of changes in equity in the current financial year.

The Directors have declared a single-tier interim dividend of 3.00 sen per ordinary share on 8,489,786,868 ordinary shares amounting to RM255 million for the financial year ended 31 December 2015 under Dividend Reinvestment Scheme ("DRS"). The interim dividend of 3.00 sen per ordinary share was approved by the Board of Directors on 13 August 2015 and paid on 23 October 2015.

The Directors have proposed a second interim single-tier dividend of 11.00 sen per ordinary share, on 8,527,267,430 ordinary shares amounting to RM938 million in respect of the financial year ended 31 December 2015, to be paid in 2016. The single-tier second interim dividend was approved by the Board of Directors on 29 January 2016. The proposed dividend consists of an electable portion of 11.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the DRS.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2016.

The Directors do not recommend the payment of any final dividend for the financial year ended 2015.

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) The related parties of, and their relationship with the Company, are as follows:

Related parties	Relationship
Subsidiaries of the Company as disclosed in Note 12	Subsidiaries
Associates of the Company as disclosed in Note 13	Associates
Joint ventures as disclosed in Note 14	Joint ventures
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include all the Directors of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates.

	Subsidiaries		Associates and joint ventures		Key management personnel	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Related party transactions						
The Group						
Income earned						
Interest on deposits and placements with financial institutions	-	-	129	270	-	-
Interest on loans, advances and financing	-	-	-	-	256	82
Brokerage income	-	-	-	-	14	72
Others	-	-	40,830	48,776	-	-
Expenditure incurred						
Interest on deposits from customers and securities sold under repurchase agreements	-	-	537	427	524	1,365
The Company						
Income earned						
Interest on fixed deposits and money market	37,407	52,472	-	-	-	-
Interest on collateral pledged for derivative transactions	-	30	-	-	-	-
Dividend income	1,581,503	1,846,982	-	-	-	-
Rental income	284	284	-	-	-	-
Interest income from HTM	2,540	-	-	-	-	-
Expenditure incurred						
Interest on iMTN	307	12	-	-	-	-
Interest on term loan	21,851	17,893	-	-	-	-
Interest on revolving credit	317	-	-	-	-	-
Group services - back office	3,476	-	-	-	-	-

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Related party balances

	Subsidiaries		Associates and joint ventures		Key management personnel	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Related party balances						
The Group						
Amount due from						
Current accounts, deposits and placements with banks and other financial institutions	-	-	25,758	20,979	-	-
Loans, advances and financing	-	-	-	-	21,836	30,976
Others	-	-	1,237,928	1,189,074	-	-
Amount due to						
Deposits from customers and securities sold under repurchase agreements	-	-	630	7,732	79,584	84,996
Others	-	-	397,025	362,378	-	-
The Company						
Amount due from						
Demand deposits, savings and fixed deposits	59,573	1,864,074	-	-	-	-
Derivatives financial instruments	74	478	-	-	-	-
Subordinated debts	2,002,540	-	-	-	-	-
Amount due to						
Amount due to CIMB Bank Berhad	5,044	1,772	-	-	-	-
Revolving credit	200,023	-	-	-	-	-
Subordinated obligations	50	-	-	-	-	-
Term loans from CIMB Bank Berhad	820,497	668,100	-	-	-	-
Others	6	-	-	-	-	-

Other inter-company balances are unsecured, non-interest bearing and repayable on demand.

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Key management personnel

Key management compensation

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Salaries and other employee benefits	77,888	87,387	10,750	4,273
Shares of the Company (units)	2,538,504	5,527,497	433,520	406,893

Included in the above table is the Executive Directors' compensation which is disclosed in Note 40. The share options and shares granted are on the same terms and conditions as those offered to other employees of the Group and the Company as disclosed in Note 45 to the Financial Statements.

Excluded in the above table are bonus accruals for financial year 2015 and 2014, in relation to the key management personnel in CIMB Niaga, which is subject to approval from the shareholders of CIMB Niaga at their Annual General Meeting.

Loans made to other key management personnel of the Group and the Company are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowance has been required in 2015 and 2014 for the loans, advances and financing made to the key management personnel.

(e) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	The Group	
	2015	2014
	RM'000	RM'000
Outstanding credit exposures with connected parties	14,259,511	12,171,744
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	4.01%	3.66%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.00%	0.00%

(f) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the Company, owns 29.7% of the issued share capital of the Company (2014: 29.3%). KNB is an entity controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

The Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's business on commercial rates and consistently applied in accordance with the Group's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

45 EMPLOYEE BENEFITS

Equity Ownership Plan ("EOP")

The EOP was introduced on 1 April 2011 by the Group where the Group will grant ordinary shares of the Company to selected employees in the Group. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group will be utilised to purchase ordinary shares of the Company from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A subsidiary company will act on behalf of the Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of the Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expenses recognised in statement of income during the financial year amounted to RM93,077,000 (2014: RM114,494,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM5.93 per ordinary share (2014: RM7.14), based on observable market price.

Movements in the number of the Company's ordinary shares awarded are as follows:

	2015 Total Shares (units '000)	2014 Total Shares (units '000)
At 1 January	26,500	21,675
Awarded	9,829	17,988
Released	(18,255)	(13,163)
At 31 December	18,074	26,500

46 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group 2015 RM'000	 2014 RM'000
Capital expenditure:		
Authorised and contracted for	575,573	655,495
Authorised but not contracted for	597,461	493,095
	1,173,034	1,148,590

Analysed as follows:

	The Group 2015 RM'000	 2014 RM'000
Property, plant and equipment	973,675	910,538
Subscription for investments	12,787	56,550
Bank guarantee	84,350	82,888
Software development	7,772	4,066
Computer software	12,146	12,243
Others	82,304	82,305
	1,173,034	1,148,590

47 LEASE COMMITMENTS

The lease commitments are in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:

	The Group	
	2015	2014
	RM'000	RM'000
Within one year	229,260	237,460
One year to less than five years	353,763	480,256
Five years and more	124,748	392,593

48 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Company enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements.

These commitments and contingencies are not secured over the assets of the Group and the Company, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related 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. Refer to Note 7.

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

	2015 Principal RM'000	2014 Principal RM'000
The Group		
Credit-related		
Direct credit substitutes	6,552,626	5,952,788
Certain transaction-related contingent items	6,047,494	5,746,700
Short-term self-liquidating trade-related contingencies	8,525,630	6,013,684
Obligations under underwriting agreement	9,406	140,000
Irrevocable commitments to extend credit:		
- Maturity not exceeding one year	46,117,291	49,895,290
- Maturity exceeding one year	22,176,460	23,764,999
Miscellaneous commitments and contingencies	4,148,292	3,436,324
Total credit-related commitments and contingencies	93,577,199	94,949,785
Total treasury-related commitments and contingencies (Note 7)	790,006,240	607,791,014
	883,583,439	702,740,799
The Company		
Total treasury-related commitments and contingencies (Note 7)	500,000	500,000
	500,000	500,000

CIMB Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

The Group is providing a contingency funding line to its subsidiary, CIMB Thai Plc (CIMB Thai), in the event of liquidity crisis in CIMB Thai.

49 SEGMENT REPORTING

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

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

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

(a) Business segment reporting

Definition of segments

As a result of an internal reorganisation, there is a change in business segment reporting in 2015. The Group has been re-organised into five major operating divisions. The divisions form the basis on which the Group reports its segment information. 2014 segments have been restated to reflect the reorganisation.

(i) 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.

(ii) 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.

49 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

(iii) 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.

(iv) Group Asset Management and Investments

Group Asset Management and Investments consists of the Group's public and private asset management portfolios.

Public Markets consists of CIMB Principal Assets Management Group. Private Markets consists of other private equity investments and strategic investments.

(v) Group Funding and Others

Group Funding and Others consists of the Group's assets and liabilities management, capital's investment in fixed income investments and investment in the Group's proprietary capital and funding.

49 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

The Group	Consumer Banking	Commercial Banking	Wholesale Banking	Group Asset Management and Investments	Group Funding and Others	Total
	31 December 2015					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income						
- External income/(expense)	4,757,644	1,571,204	2,727,748	40,839	239,309	9,336,744
- Inter-segment income	(364,107)	(84,798)	428,670	(35)	20,270	-
	4,393,537	1,486,406	3,156,418	40,804	259,579	9,336,744
Non-interest income	1,483,719	303,999	2,360,725	599,618	(258,032)	4,490,029
Income from Islamic banking operations	775,512	160,331	47,489	(1,952)	587,637	1,569,017
	6,652,768	1,950,736	5,564,632	638,470	589,184	15,395,790
Overheads of which:	(4,092,513)	(1,069,896)	(2,958,523)	(372,483)	(755,563)	(9,248,978)
- Depreciation of property, plant and equipment	(133,239)	(9,411)	(65,696)	(19,625)	(126,043)	(354,014)
- Impairment of property, plant and equipment	(1,039)	(23)	-	-	(32)	(1,094)
- Amortisation of prepaid lease payments	(102)	(52)	(167)	-	(10,894)	(11,215)
- Amortisation of intangible assets	(69,279)	(3,147)	(32,576)	(14,379)	(220,778)	(340,159)
Profit/(Loss) before allowances	2,560,255	880,840	2,606,109	265,987	(166,379)	6,146,812
Allowance (made)/written back for impairment losses on loans advances and financing	(831,976)	(215,703)	(1,107,444)	-	(13,501)	(2,168,624)
Allowance (made)/written back for losses on other receivables	(2,864)	763	(14,947)	(4,245)	(8,922)	(30,215)
Allowance written back/(made) for commitments and contingencies	(534)	-	-	(9,401)	-	(9,935)
Allowance (made)/written back for other impairment losses	-	-	393	(112,407)	2,335	(109,679)
Segment results	1,724,881	665,900	1,484,111	139,934	(186,467)	3,828,359
Share of results of joint ventures	1,587	-	-	(11,450)	-	(9,863)
Share of results of associates	-	-	-	95,497	-	95,497
Profit/(Loss) before taxation	1,726,468	665,900	1,484,111	223,981	(186,467)	3,913,993
Taxation						(1,018,048)
Profit for the financial year						2,895,945

49 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

The Group	Consumer Banking	Commercial Banking	Wholesale Banking	Group Asset Management and Investments	Group Funding and Others	Total
	31 December 2015					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	149,608,632	50,879,621	203,046,816	2,711,609	35,048,676	441,295,354
Investment in associates and joint ventures	162,775	-	-	874,498	175	1,037,448
	149,771,407	50,879,621	203,046,816	3,586,107	35,048,851	442,332,802
Unallocated assets	-	-	-	-	-	19,244,341
Total assets	149,771,407	50,879,621	203,046,816	3,586,107	35,048,851	461,577,143
Segment liabilities	138,283,842	52,896,935	204,265,930	1,373,105	10,581,166	407,400,978
Unallocated liabilities	-	-	-	-	-	11,943,537
Total liabilities	138,283,842	52,896,935	204,265,930	1,373,105	10,581,166	419,344,515
Other segment items						
Incurred capital expenditure	314,986	4,319	69,262	46,132	508,896	943,595
Investment in joint ventures	162,775	-	-	15,833	-	178,608
Investment in associates	-	-	-	858,665	175	858,840

49 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

The Group	Consumer Banking	Commercial Banking	Wholesale Banking	Group Asset Management and Investments	Group Funding and Others	Total
			31 December 2014			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income						
- External income/(expense)	4,025,567	1,458,267	2,810,080	29,822	331,812	8,655,548
- Inter-segment income	(171,082)	(194,868)	138,188	5	227,757	-
	3,854,485	1,263,399	2,948,268	29,827	559,569	8,655,548
Non-interest income	1,406,480	251,220	1,722,057	512,887	136,454	4,029,098
Income from Islamic banking operations	734,947	134,833	474,676	-	116,822	1,461,278
	5,995,912	1,649,452	5,145,001	542,714	812,845	14,145,924
Overheads of which:	(3,840,641)	(1,011,348)	(2,752,042)	(316,067)	(371,865)	(8,291,963)
- Depreciation of property, plant and equipment	(131,621)	(9,603)	(62,293)	(9,660)	(108,931)	(322,108)
- Amortisation of prepaid lease payments	82	(43)	(146)	-	(11,257)	(11,364)
- Amortisation of intangible assets	(75,884)	(3,900)	(29,462)	(7,177)	(207,054)	(323,477)
Profit/(Loss) before allowances	2,155,271	638,104	2,392,959	226,647	440,980	5,853,961
Allowance (made)/written back for impairment losses on loans, advances and financing	(691,620)	62,602	(894,547)	-	1,497	(1,522,068)
Allowance made for losses on other receivables	(4,286)	(10)	(22,707)	(5,229)	6,160	(26,072)
Allowance written back for commitments and contingencies	-	10,982	(2,040)	-	-	8,942
Recoveries from investment management and securities services	-	-	-	-	804	804
Allowance written back/(made) for other impairment losses	-	-	(127,648)	(6,242)	(28,607)	(162,497)
Segment results	1,459,365	711,678	1,346,017	215,176	420,834	4,153,070
Share of results of joint ventures	2,881	-	-	(4,823)	-	(1,942)
Share of results of associates	-	-	-	125,298	(3)	125,295
Profit/(Loss) before taxation	1,462,246	711,678	1,346,017	335,651	420,831	4,276,423
Taxation						(1,101,866)
Profit for the financial year						3,174,557

49 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

	31 December 2014					
The Group	Consumer Banking	Commercial Banking	Wholesale Banking	Group Asset Management and Investments	Group Funding and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	132,596,162	47,926,723	186,156,365	2,186,459	26,989,898	395,855,607
Investment in associates and joint ventures	161,187	-	-	925,026	176	1,086,389
	132,757,349	47,926,723	186,156,365	3,111,485	26,990,074	396,941,996
Unallocated assets	-	-	-	-	-	17,214,360
Total assets	132,757,349	47,926,723	186,156,365	3,111,485	26,990,074	414,156,356
Segment liabilities	122,838,007	45,246,644	189,804,159	583,817	8,544,919	367,017,546
Unallocated liabilities	-	-	-	-	-	8,747,687
Total liabilities	122,838,007	45,246,644	189,804,159	583,817	8,544,919	375,765,233
Other segment items						
Incurred capital expenditure	332,024	14,392	84,736	30,549	292,482	754,183
Investment in joint ventures	161,187	-	-	80,493	-	241,680
Investment in associates	-	-	-	844,533	176	844,709

Basis of pricing for inter-segment transfers:
Inter-segmental charges are computed principally based on the interest-bearing assets and liabilities of each business segment with appropriate rates applied.

49 SEGMENT REPORTING (CONTINUED)

(b) Geographical segment reporting

The Group's business segments are managed on a worldwide basis and they operate mainly in four main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Indonesia, the areas of operation in this country include all the business segments of a subsidiary bank, PT Bank CIMB Niaga Tbk.
- Thailand, the areas of operation in this country include all the business segments of a subsidiary bank, CIMB Thai.
- Other countries include branch and subsidiary operations in Singapore, United Kingdom, United States of America, Australia, China, Cambodia, and Hong Kong. The overseas operations involved mainly in corporate lending and borrowing, and stockbroking activities. With the exception of Malaysia, Indonesia and Thailand, no other individual country contributed more than 10% of the consolidated net interest income or assets.

	Net interest income	Total non-current assets	Total assets	Total liabilities	Capital expenditure
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Malaysia	4,397,006	11.649,344	283,954,438	329,473,608	663,800
Indonesia	3,209,099	934,796	75,036,763	65,983,678	209,176
Thailand	1,052,942	524,835	36,378,513	(32,973,829)	19,092
Other countries	677,697	8,658,064	66,207,529	56,864,058	51,527
	9,336,744	21,767,039	461,577,143	419,344,515	943,595
2014					
Malaysia	4,322,249	16,015,818	264,737,989	239,753,833	497,788
Indonesia	2,837,913	623,086	66,342,555	58,200,292	172,830
Thailand	890,796	658,829	29,333,417	26,743,719	43,634
Other countries	604,590	2,292,366	53,742,395	51,067,389	39,931
	8,655,548	19,590,099	414,156,356	375,765,233	754,183

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of Finansa Asset Management Limited

On 23 July 2014, CIMB-Principal Asset Management Company Limited ("CPAM Thailand"), a 60%-owned indirect subsidiary of CIMB Group, has entered into a conditional Share Purchase Agreement with Finansa Public Company Limited in relation to the proposed acquisition of entire issued and outstanding shares of Finansa Asset Management Limited ("FAM"), for a cash consideration of THB178 million and THB47 million payable upon the successful establishment of two property funds by 25 February 2015 and 20 March 2015. The proposed acquisition has been completed on 22 January 2015. Refer to Note 52(a).

(b) Full redemption of bonds

The redemption of bonds are as follows:

- On 29 January 2015, CIMB Bank has redeemed the USD45 million notes as disclosed in Note 27(j); and
- On 30 October 2015, CIMB Niaga has redeemed the IDR600,000 million Series A bonds as disclosed in Note 27(d)(i); and
- On 20 November 2015, CIMB Niaga has redeemed the IDR285,000 million Series A bonds as disclosed in Note 27(o); and
- On 22 November 2015, CIMB Niaga has redeemed the IDR448,000 million Series 2 bonds as disclosed in Note 27(g)(ii).

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(c) Closure of offices in Australia in 2015

On 9 February 2015, following from a strategic review of the Group's entire business, the Group decided to close its offices in Sydney and Melbourne in Australia.

(d) Redemption of RM150 million subordinated fixed rate notes

On 3 April 2015, the Company has redeemed it RM150 million subordinated fixed rate notes as disclosed in Note 29(i).

(e) Acquisition of Lot A Sentral Sdn. Bhd.

On 1 April 2015, CIMB Real Estate Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, completed a conditional subscription Agreement with Lot A Sentral Sdn Bhd ("LASSB") for the subscription of new shares in LASSB, and a conditional Share Sale Agreement with Mapletree Dextra Pte. Ltd. and CMREF 1 Sdn Bhd for the acquisition of existing shares in LASSB, for a combined cash consideration of approximately RM646 million, subject to post-closing adjustments. The post-closing adjustments has been finalised on 29 April 2015, the final cash consideration is approximately RM654 million. Refer to Note 52(b).

(f) Issuance of USD313 million, EUR 30 million and SGD 100 million notes

CIMB Bank Berhad issued the following notes under its USD0.5 billion Euro Medium Term Note Programme established on 15 August 2014, as follows:

- USD313 million 30-year callable zero coupon notes (the "Notes") on 5 May 2015. The Notes will mature on 5 May 2045, and are callable 5 May 2020 and every two years thereafter up to 5 May 2044. It has a yield to maturity of 4.50% per annum.

- EUR 30 million 1-year senior floating rate notes (the "Notes") on 12 May 2015. The Notes will mature on 12 May 2016 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 3 months EURIBOR + 0.15% per annum payable quarterly in arrears.

- SGD 100 million 3-year senior fixed rate notes (the "Notes") on 30 June 2015. The Notes will mature on 30 June 2018 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.12% per annum payable semi-annually in arrears.

- CNY220 million 3-year senior fixed rate notes (the "Notes") on 6 August 2015. The Notes will mature on 6 August 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.25% per annum payable annually.

(g) Mutual Separation Scheme

On 15 May 2015, the Group announced that they have offered employees in Malaysia and Indonesia a Mutual Separation Scheme ("MSS"). The MSS exercise is fully voluntary and is aimed at enhancing the Group's efficiency levels across the board.

(h) Issuance and redemption of THB structured debentures

During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounting to THB354.5 million, with embedded foreign exchange and commodity derivatives and early redemption option. The debentures will mature within 6 months from respective issuance dates. CIMB Thai Bank has early redeemed structured debentures amounting to THB655.0 million in 2015.

(i) Operation in Vietnam

On 7 August 2015, CIMB Bank obtained an in-principle approval to establish and operate a 100% owned subsidiary in Vietnam.

(j) Issuance of RM250 million commercial papers and and RM200 million medium term notes

During the financial year, the Company issues various commercial papers ("CPs") and medium term notes ("MTNs") on 28 December 2015 as follows:

- issuance of RM100 million 3-month CPs and RM150 million 6-month CPs. The CPs bears a discount rate of 4.18% and 4.25%, respectively and will mature on 28 March 2016 and 28 June 2016, respectively. The CPs were issued out of its conventional commercial papers programme which together with its Islamic commercial papers programme, has a combined limit of RM6.0 billion in nominal value as disclosed in Note 28(a); and

- issuance of RM200 million MTNs which will mature on 29 December 2016. The MTNs bears an interest rate of 4.5% per annum payable semi-annually in arrears. The MTNs were issued out of its existing conventional medium term notes programme which together with its Islamic medium term notes programme, has a combined limit of RM6.0 billion in nominal value as disclosed in Note 28(a).

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(k) Redemption of RM1.0 billion Sub Debt

On 23 December 2015, CIMB Bank Berhad exercised its option to early redeem the RM1.0 billion subordinated debt on the first optional redemption date of 23 December 2015 as disclosed in Note 29(g).

(l) Redemption of medium term notes

On 28 December 2015, the Company redeemed its RM1,130 million Medium Term Notes Papers (“MTNs”) upon its maturity.

(m) Issuance of MYR 2 billion subordinated debts

On 23 December 2015, the Company issued MYR2.0 Billion 10 years non-callable 5 years Tier 2 subordinated debt bearing a fixed rate coupon of 5.15% p.a.. The said subordinated debt was issued out of a newly established RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM2.0 Billion Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

51 CAPITAL ADEQUACY

The key driving principles of the Group’s capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

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 immediate effect and all financial holding companies with effect from 1 January 2019.

This is supported by the Capital Management Plan which is centrally supervised by the Group EXCO who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

For 2015, the capital adequacy framework applicable is based on the Bank Negara Malaysia (BNM) capital adequacy framework issued on 28 November 2012. In 2015, BNM issued revised guidelines on the capital adequacy framework (Capital Components) on 13 October 2015, which will take effect for banking entities beginning 1 January 2016. 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 CIMB Bank Group (other than CIMB Thai and CIMB Bank PLC), CIMB Bank and 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.

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

The risk weighted assets of CIMB Thai 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.

51 CAPITAL ADEQUACY (CONTINUED)

The capital adequacy ratios of Bank CIMB Niaga is based on Bank Indonesia requirements. The approach for Credit Risk and Market Risk is Standardised Approach. 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.

Capital Structure and Adequacy
The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group as at 31 December 2015. The banking subsidiaries issue various capital instruments pursuant to the respective regulatory guidelines, that qualify as capital pursuant to the RWCAF and Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

(a) The total capital base and capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited), CIMB Bank Group, CIMB Investment Bank, CIMB Islamic Bank, Bank CIMB Niaga, CIMB Thai and CIMB Bank PLC for the financial year ended 31 December 2015 are as follows. The individual entities within the Group and the Group complied with all externally imposed capital requirements to which they are subject to.

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015							
Before deducting proposed dividends							
Common equity tier 1 ratio	12.107%^	12.718%	10.778%	11.329%^	33.250%	N/A	N/A
Tier 1 ratio	13.279%^	13.557%	10.778%	12.279%^	33.250%	14.141%	N/A
Total capital ratio	16.425%^	16.273%	15.456%	15.892%^	33.250%	16.126%	17.377%
After deducting proposed dividends							
Common equity tier 1 ratio	11.504%^	12.718%	10.778%	10.876%^	29.747%	N/A	N/A
Tier 1 ratio	12.677%^	13.557%	10.778%	11.825%^	29.747%	14.141%	N/A
Total capital ratio	15.823%^	16.273%	15.456%	15.438%^	29.747%	16.126%	17.377%
The breakdown of risk-weighted assets ("RWA") by each major risk category are as follows:							
Credit risk	134,581,911	21,088,362	21,896,165	180,655,182	1,166,117	50,643,638	1,291,520
Market risk	12,251,594	532,642	3,554,123	14,483,777	86,545	568,418	-
Operational risk	12,885,118	2,080,723	1,794,608	17,227,086	631,580	7,190,157	-
Large exposure risk	666,867	-	-	666,867	-	-	-
	160,385,490	23,701,727	27,244,896	213,032,912	1,884,242	58,402,213	1,291,520

* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance 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.

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

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2015. The second interim dividend was approved by the Board and Bank Negara Malaysia on 29 January 2016 and 25 February 2016 respectively.

51 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2015 are as follows:

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015							
Tier I capital							
Ordinary shares	5,148,084	1,000,000	1,473,510	5,148,084	100,000	502,007	214,650
Other reserves	21,591,225	2,386,083	1,603,316	26,518,216	554,758	8,145,296	(22,767)
Qualifying non-controlling interests	-	-	-	275,120	-	-	-
Common Equity Tier I capital before regulatory adjustments	26,739,309	3,386,083	3,076,826	31,941,420	654,758	8,647,303	191,883
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(5,114,235)	(964)	-	-
Intangible assets	(874,745)	(82,210)	(17,752)	(945,435)	-	-	(2,703)
Deferred tax assets	(210,842)	(31,184)	(102,575)	(403,149)	(15,278)	(142,958)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,721,064)	-	-	(319,238)	(3,268)	(245,451)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,462)	-	-
Shortfall of eligible provisions to expected losses	-	(60,965)	-	-	-	-	-
Others	(959,972)	(61,387)	(20,060)	(1,023,933)	(2,284)	-	(6,250)
Common Equity Tier I capital after regulatory adjustments	19,417,611	3,014,337	2,936,439	24,135,433	626,502	8,258,894	182,930
Additional Tier I capital							
Perpetual preference shares	140,000	199,000	-	140,000	-	-	-
Non-innovative Tier I Capital	700,000	-	-	700,000	-	-	-
Innovative Tier I Capital	1,128,260	-	-	1,128,260	-	-	-
Qualifying capital instruments held by third parties	-	-	-	54,760	-	-	-
Additional Tier I capital before regulatory adjustments	1,968,260	199,000	-	2,023,020	-	-	-
Less: Regulatory adjustments							
Investments in Additional Tier 1 capital instruments of subsidiaries and other financial and insurance/takaful entities	(88,000)	-	-	-	-	-	-
Additional Tier I capital after regulatory adjustments	1,880,260	199,000	-	2,023,020	-	-	-
Total Tier I Capital	21,297,871	3,213,337	2,936,439	26,158,453	626,502	8,258,894	182,930

51 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2015 are as follows (Continued):

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015							
Tier II capital							
Subordinated notes	7,050,000	595,000	1,191,929	7,050,000	-	615,610	30,051
Redeemable preference shares	29,740	-	-	29,740	7	-	-
Surplus of eligible provision over expected loss	480,515	-	-	210,735	-	-	-
Qualifying capital instruments held by third parties	-	-	-	376,000	-	-	-
Portfolio impairment allowance & Regulatory reserve√	236,377	48,698	82,629	509,270	159	543,312	11,448
Tier II capital before regulatory adjustments	7,796,632	643,698	1,274,558	8,175,745	166	1,158,922	41,499
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,750,641)	-	-	(478,907)	(6,628)	-	-
Total Tier II capital	5,045,991	643,698	1,274,558	7,696,838	-	1,158,922	41,499
Total capital base	26,343,862	3,857,035	4,210,997	33,855,290	626,502	9,417,816	224,429
Less:							
Proposed dividends	(966,553)	-	-	(966,553)	(66,000)	-	-
Total capital base (net of proposed dividend)	25,377,309	3,857,035	4,210,997	32,888,737	560,502	9,417,816	224,429

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2015 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM183 million, RM161 million and RM22 million respectively.

51 CAPITAL ADEQUACY (CONTINUED)

(c) The capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited), CIMB Investment Bank, CIMB Islamic Bank, Bank CIMB Niaga and CIMB Thai for the financial year ended 31 December 2014 are as follows:

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014							
Before deducting proposed dividends							
Common equity tier 1 ratio	11.688%^	11.448%	9.913%	10.493%^	28.765%	N/A	N/A
Tier 1 ratio	13.137%^	12.345%	9.913%	11.651%^	28.765%	13.395%	N/A
Total capital ratio	15.158%^	15.493%	14.977%	14.888%^	28.765%	15.390%	15.377%
After deducting proposed dividends							
Common equity tier 1 ratio	11.193%^	11.448%	9.913%	10.114%^	28.765%	N/A	N/A
Tier 1 ratio	12.642%^	12.345%	9.913%	11.272%^	28.765%	13.395%	N/A
Total capital ratio	14.663%^	15.493%	14.977%	14.509%^	28.765%	15.390%	15.377%
The breakdown of risk-weighted assets ("RWA") by each major risk category are as follows:							
Credit risk	125,820,234	20,439,165	18,773,991	166,270,354	1,164,171	47,897,974	889,948
Market risk	13,831,101	498,080	2,349,855	16,080,788	52,221	359,844	-
Operational risk	11,971,135	2,011,728	1,354,827	15,851,297	697,657	5,996,868	-
Large exposure risk	502,139	-	-	502,139	-	-	-
	152,124,609	22,948,973	22,478,673	198,704,578	1,914,049	54,254,686	889,948

* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance 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.

^ On 30 October 2014, CIMBGH completed its fourth Dividend Reinvestment Scheme ("DRS") of which RM591 million was reinvested into new CIMBGH shares. Pursuant to the completion of the DRS, CIMBGH reinvested cash dividend surplus of RM515 million into CIMB Bank via rights issue which was completed on 18 December 2014.

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2014. Pursuant to the completion of DRS, CIMBGH intend to reinvest the excess cash dividend surplus into CIMB Bank which would increase the capital adequacy ratios of the Group and Bank above those stated ratios. The second interim dividend was approved by the Board and Bank Negara Malaysia on 30 January 2015 and 18 February 2015 respectively.

51 CAPITAL ADEQUACY (CONTINUED)

(d) Components of Tier I and Tier II capital for the financial year ended 31 December 2014 are as follows:

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014							
Tier I capital							
Ordinary shares	4,787,023	1,000,000	1,120,508	4,787,023	100,000	454,434	157,343
Other reserves	19,193,658	1,991,444	1,192,964	23,197,847	507,156	6,924,126	(22,824)
Qualifying non-controlling interests	-	-	-	257,010	-	-	-
Common Equity Tier I capital before regulatory adjustments	23,980,681	2,991,444	2,313,472	28,241,880	607,156	7,378,560	134,519
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(4,965,324)	(964)	-	-
Intangible assets	(844,072)	(89,744)	(7,567)	(949,186)	-	-	(889)
Deferred tax assets	(182,140)	(22,855)	(77,684)	(314,145)	(46,428)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(765,837)	-	-	(144,137)	(1,460)	(111,095)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(7,603)	-	-
Shortfall of eligible provisions to expected losses	(125,800)	(115,689)	-	(280,596)	-	-	-
Others	(728,079)	-	-	(738,239)	(118)	-	(4,075)
Common Equity Tier I capital after regulatory adjustments	17,779,678	2,627,156	2,228,221	20,850,253	550,583	7,267,465	129,555
Additional Tier I capital							
Perpetual preference shares	160,000	206,000	-	160,000	-	-	-
Non-innovative Tier I Capital	800,000	-	-	800,000	-	-	-
Innovative Tier I Capital	1,289,440	-	-	1,289,440	-	-	-
Qualifying capital instruments held by third parties	-	-	-	51,075	-	-	-
Additional Tier I capital before regulatory adjustments	2,249,440	206,000	-	2,300,515	-	-	-
Less: Regulatory adjustments							
Investments in Additional Tier 1 capital instruments of subsidiaries and other financial and insurance/takaful entities	(44,349)	-	-	(349)	-	-	-
Additional Tier I capital after regulatory adjustments	2,205,091	206,000	-	2,300,166	-	-	-
Total Tier I Capital	19,984,769	2,833,156	2,228,221	23,150,419	550,583	7,267,465	129,555

51 CAPITAL ADEQUACY (CONTINUED)

(d) Components of Tier I and Tier II capital for the financial year ended 31 December 2014 are as follows (Continued):

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014							
Tier II capital							
Subordinated notes	6,050,000	680,000	1,070,316	6,050,000	-	649,229	-
Redeemable preference shares	29,740	-	-	29,740	8	-	-
Qualifying capital instruments held by third parties	-	-	-	378,488	-	-	-
Portfolio impairment allowance & Regulatory reserve√	240,204	42,233	68,061	552,993	2,729	511,618	7,290
Others	-	-	-	-	-	32,358	-
Tier II capital before regulatory adjustments	6,319,944	722,233	1,138,377	7,011,221	2,737	1,193,205	7,290
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(3,245,289)	-	-	(577,946)	(10,340)	(111,095)	-
Total Tier II capital	3,074,655	722,233	1,138,377	6,433,275	-	1,082,110	7,290
Total capital base	23,059,424	3,555,389	3,366,598	29,583,694	550,583	8,349,575	136,845
Less: Proposed dividends	(753,000)	-	-	(753,000)	-	-	-
Total capital base (net of proposed dividend)	22,306,424	3,555,389	3,366,598	28,830,694	550,583	8,349,575	136,845

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2014 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM223 million, RM198 million and RM25 million respectively.

52 ACQUISITIONS

(a) Acquisition of Finansa Asset Management Limited

On 23 July 2014, CIMB-Principal Asset Management Company Limited ("CPAM Thailand"), a 60%-owned indirect subsidiary of CIMB Group, has entered into a conditional Share Purchase Agreement with Finansa Public Company Limited in relation to the proposed acquisition of entire issued and outstanding shares of Finansa Asset Management Limited ("FAM"), for a cash consideration of THB178 million and THB47 million payable upon the successful establishment of two property funds by 25 February 2015 and 20 March 2015. The proposed acquisition has been completed on 22 January 2015. The two property funds has been cancelled by respective assets owners subsequently, thus no further payment made after the completion date.

(b) Acquisition of Lot A Sentral Sdn. Bhd.

As of 1 April 2015, CIMB Real Estate Sdn Bhd ("CIMBRE"), a wholly-owned indirect subsidiary of the Company, completed a conditional Subscription Agreement with Lot A Sentral Sdn Bhd ("LASSB") for the subscription of new shares in LASSB, and a conditional Share Sale Agreement with Mapletree Dextra Pte Ltd and CMREF 1 Sdn Bhd ("CMREF1") for the acquisition of existing shares in LASSB for a combined cash consideration of approximately RM646 million, subject to post-closing adjustments. Upon completion, LASSB became a wholly-owned subsidiary of CIMBRE, from an associate interest of 14.1% previously. The post-closing adjustments were finalised on 29 April 2015, with the final consideration being approximately RM654 million.

52 ACQUISITIONS (CONTINUED)

(c) Effects of acquisition during the financial year

The following table summarises the consideration paid for the acquisitions of FAM and LASSB, identifiable assets acquired and liabilities assumed as at the acquisition date:

	Note	RM'000
Cash and short-term funds		24,654
Other assets		7,719
Property, plant and equipments	15	682,296
Intangible assets	19	4,158
Other liabilities		(49,064)
Net identifiable assets acquired		669,763
Add: Goodwill	18	8,734
Net assets acquired		678,497
Total purchase consideration		678,497
Less: Cash and cash equivalents acquired		(24,654)
Cash outflow on acquisition		653,843

Acquisition-related costs
Acquisition-related costs amounting to RM1,507,000 have been incurred during the financial year ended 31 December 2015 and are included in the administration and general expenses in the consolidated statement of comprehensive income.

Acquired receivables
The gross contractual amount and fair value of receivables acquired amounted to RM5,301,000 which is expected to be fully collectable.

Goodwill
The goodwill of RM8,734,000 is mainly attributable to expected synergies arising from combining operations of FAM with CPAM Thailand.

Revenue and profit contribution
The acquired business contributed revenue of RM41,817,000 and net profit of RM17,876,000 to the Group for the period from 1 April 2015 to 31 December 2015.

Had FAM and LASSB been consolidated from 1 January 2015, the consolidated revenue and consolidated profit for the year ended 31 December 2015 would have been RM15,396,453,000 and RM2,895,136,000 respectively.

53 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Impairment of available-for-sale equity investments

The Group and the Company determine that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant or prolonged requires judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

53 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(b) Impairment losses on loans, advances and financing

The Group and the Company make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and timing of the cash flows in assessing allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

(c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Significant Group Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various cash-generating-units ("CGU"). The goodwill is then allocated to these various CGU. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 18 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

(d) Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 56.4.

(e) Provision of taxation

The Group is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Group's positions and propose adjustments or changes to its tax filings. As a result, the Group maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Group's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Group's provisions. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. However, based on currently enacted legislation, information currently known by the Group and after consultation with external tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Group's financial condition taken as a whole.

54 NON-CURRENT ASSETS HELD FOR SALE

		The Group		The Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-current assets held for sale:					
- property, plant and equipment	15	15,500	21,326	10,925	10,925
Total non-current assets held for sale		15,500	21,326	10,925	10,925

Property, plant and equipment and investment properties of the Group where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2016.

Fair value of property plant and equipment and investment properties held for sale

In accordance with MFRS5, the non-current assets held for sale were stated at the lower of carrying amount and fair value less cost to sell. As at 31 December 2015, the property plant and equipment and investment properties held for sales that were stated at fair value less cost to sell was RM4,575,000 (2014: RM9,858,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

55 SIGNIFICANT DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

(a) Disposal in prior year

(i) Disposal of subsidiaries

The list of significant interest in subsidiaries disposed during the prior financial year that resulted in loss of control is as follows:

Name of subsidiaries	Note
CIMB Securities International (Thailand) Public Company Limited ("CSIT")	(a)
CIMB Insurance Brokers Sdn. Bhd. ("CIB")	(b)

(a) CIMB Securities International Pte. Ltd., a wholly-owned indirect subsidiary of CIMB Group, has disposed its 99.6% shareholding in CSIT ("Disposal") to a third party. The Disposal was completed on 22 January 2014.

(b) CIG Berhad, a wholly-owned indirect subsidiary of CIMB Group Holdings Berhad ("CIMBGH"), has completed the disposal of 490,000 ordinary shares in its wholly-owned subsidiary CIMB Insurance Brokers Sdn. Bhd., representing forty-nine per cent of its total issued and fully paid ordinary shares, to a third party for cash consideration of RM33,320,000. Approval from Bank Negara Malaysia in relation to the Disposal was received on 30 December 2014. As part of the disposal, management control of CIB was assumed by the third party and CIB ceased to be an indirect subsidiary of CIMBGH as at 31 December 2014.

55 SIGNIFICANT DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL (CONTINUED)

(a) Disposal in prior year (Continued)

(ii) Effects of disposals

The cash flows and net assets of subsidiaries disposed are as follows:

	Note	The Group 2014
		RM'000
Cash and short-term fund		21,559
Other assets		139,154
Non-current assets held for sale		19,725
Goodwill, net of impairment	18	1,500
Other liabilities		(60,792)
Non-controlling interests		4,986
Net assets		126,132
Gain on disposal of subsidiaries		49,553
Gain on remeasurement of equity interests retained as an associate	36	30,987
Sales considerations (inclusive of fair value adjustment)		206,672
Less:		
Equity interest retained as an associate	13	(34,681)
Cash of subsidiaries disposed		(21,559)
Cash inflow on disposal of subsidiaries		150,432

Summarised below are the breakdown of sales considerations:

	CSIT	CIB	Others	Total
	RM'000	RM'000	RM'000	RM'000
Cash considerations	104,521	33,320	34,150	171,991
Fair value of the equity interests retained as an associate	-	34,681	-	34,681
Sales considerations (inclusive of fair value adjustment)	104,521	68,001	34,150	206,672

56 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

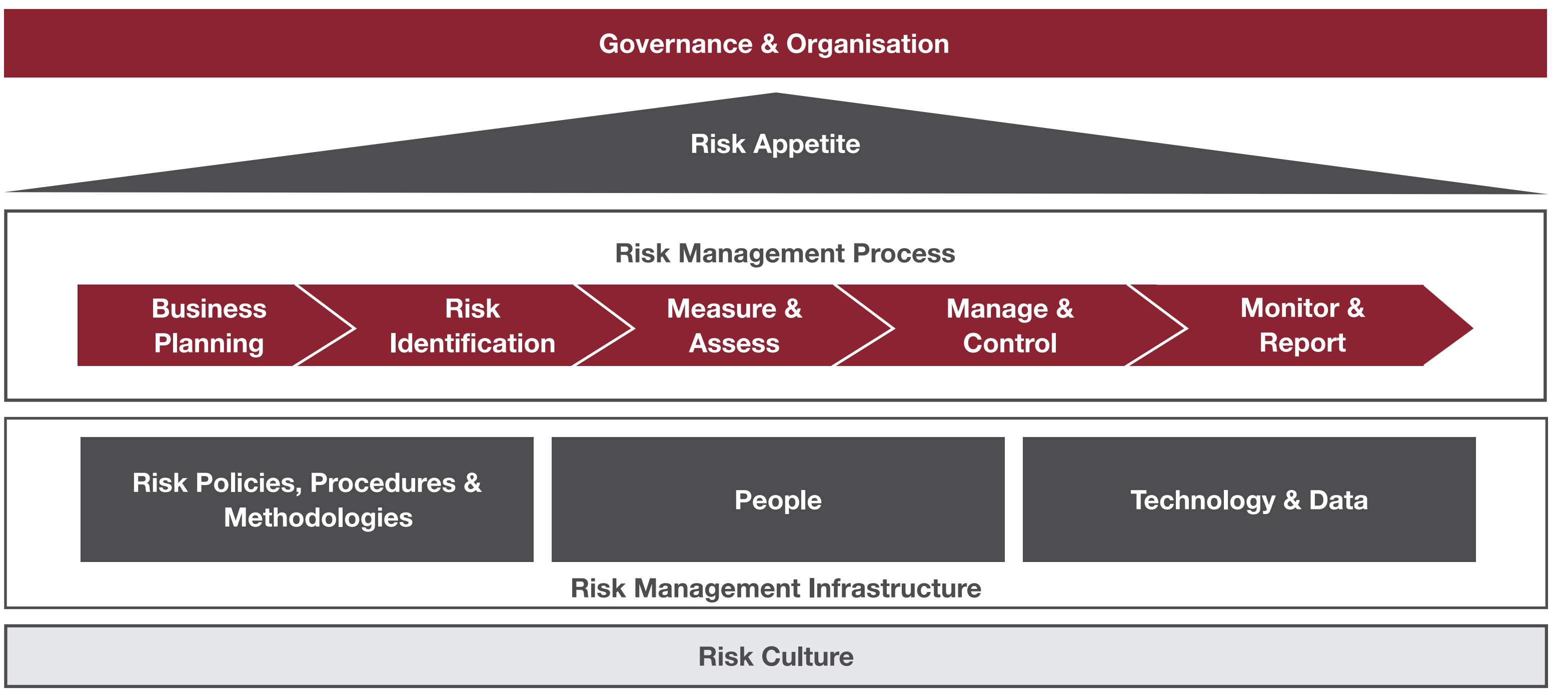
The objectives of the Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholder value through proper allocation of capital and facilitate development of new businesses.

(b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



56 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Enterprise Wide Risk Management Framework (EWRM) (Continued)

The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

(i) Governance & Organisation

A strong governance structure is important to ensure an effective and consistent implementation of the Group's EWRM framework. The Board is ultimately responsible for the Group's risk management activities, sets the strategic directions, risk appetite and relevant frameworks for the Group. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is carried out effectively.

(ii) Risk Appetite

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

The Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. Board Risk Committee (BRC) and Group Risk Committee (GRC) receive monthly reports on compliance with the risk appetite.

(iii) Risk Management Process:

- Business Planning: Risk is central to the business planning process, including setting risk appetite, risk posture and new product/new business activities.
- Risk Identification: Risks are systematically identified through the robust application of the Group's risk frameworks, policies and procedures.
- Measure and Assess: Risks are measured and aggregated using Group wide methodologies across each of the risk types, including stress testing.
- Manage and Control: Controls and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Monitor and Report: Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within risk appetite. Risk adjusted performance is monitored.

(iv) Risk Management Infrastructure

- Risk Policies, Procedures and Methodologies: Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Procedures provide guidance for day-to-day risk taking activities. Methodologies provide specific requirements, rules or criteria to be met to comply with the policy.
- People: Attracting the right talent and skills are keys to ensuring a well-functioning EWRM Framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment. Performance measurement and compensation are aligned to the strategy plan and risk appetite.
- Technology and Data: Appropriate technology and sound data management are enablers to support risk management activities.

(v) Risk Culture

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Group.

(c) Risk Governance

At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

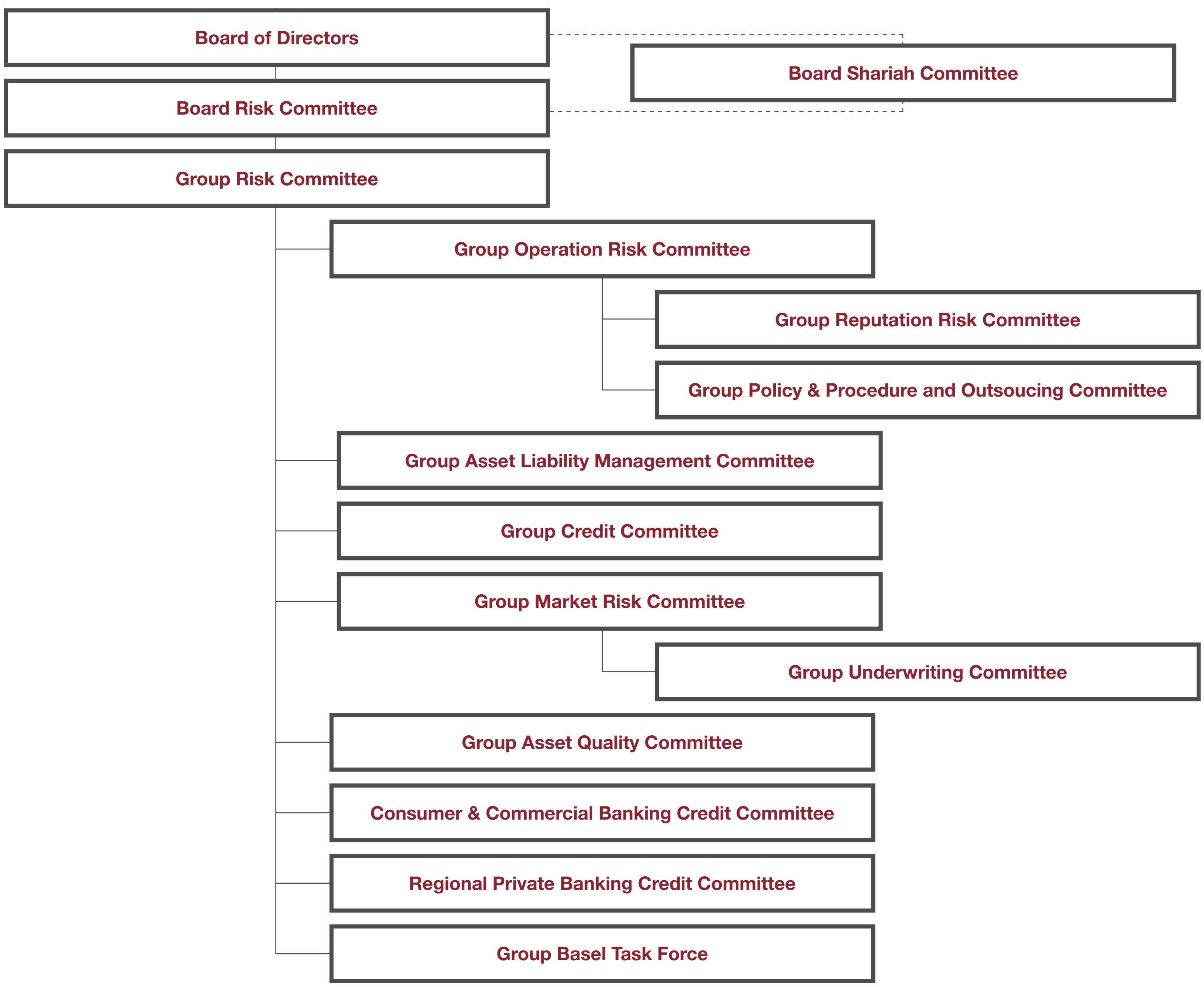
(c) Risk Governance (Continued)

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

The Group's risk management governance and reporting structure is depicted as follows:



56 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk Governance (Continued)

Three-Lines of Defence

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group Chief Risk Officer who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

(a) Actively engages the Board and senior management on risk management issues and initiatives.

(b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

(a) Risk Analytics & Infrastructure Centre of Excellence

Risk Analytics & Infrastructure Centre of Excellence designs, builds and implements standardised infrastructure used to measure, monitor and manage risk across the region.

(b) Market Risk Centre of Excellence

In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation.

(c) Operational Risk Centre of Excellence

The Operational Risk Centre of Excellence provides the methodology, tools and processes for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group. Management of operational risks is present in the Group's products, services, activities, processes and systems.

(d) Asset Liability Management Centre of Excellence

It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest rate risk in the banking book/ rate of return in the banking book as well as recommending policies and methodologies to manage the said risks. It conducts regular stress testing of the liquidity risk profile, ensuring CIMB Group's adherence and compliance with internal and regulatory requirements, and maintains the early warning system indicators and Contingency Funding Plan (CFP).

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)

(e) Credit Risk Centre of Excellence

The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of CIMB Group. It ensures a homogenous and consistent approach to:
- Credit Risk Policies and Procedures;
- Credit Risk Models;
- Credit Risk Methodologies; and
- Portfolio Analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.

(f) Shariah Risk Management Centre of Excellence

The Shariah Risk Management Centre of Excellence (SRM CoE) facilitates the process of identifying, measuring, controlling and monitoring Shariah Non Compliance (SNC) risks inherent in the Group's Islamic businesses and services. SRM COE formulates, recommends and implements appropriate SRM policies & guidelines; and develops and implements processes for SNC risk awareness.

In addition to the above Risk Centres of Excellence, the Regional Risk & International Offices oversees the risk management functions of the regional offices, the Group's unit trust and securities businesses and also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and securities businesses identify, measure and assess, manage and control, monitor and report the relevant material risk exposures of each individual country and/or businesses.

The Regional Risk Validation Team is independent from the risk taking units and model development team. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on Basel related risk models and components comprising credit risk, traded risk, non-traded risk and other Basel related risk models. The unit provides recommendations to the modeling team and the business users. The findings and recommendations will be reported to Model Risk Management Working Group (MRMWG), thereafter to Group Risk Committee (GRC) and Board Risk Committee (BRC) for approval.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

Strategies and Processes for Various Risk Management

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk and Interest Rate Risk/Rate of Return Risk in the Banking Book are available in the later sections.

56.1 Credit risk

Credit risk, is defined as the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support customer's obligation to third parties, e.g. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

The Framework encompass the Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate and commercial loans,credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with exceptions approved at Consumer and Commercial Banking Credit Committee (CBCC).

The GRC with the support of Group Credit Committee, Group Asset Quality Committee, Consumer and Commercial Banking Credit Committee, Regional Private Banking Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by GRD.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group’s retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures at least on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

(i) Collaterals/Securities

All extension of secured credit facilities as deemed prudent should be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

(ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

(iii) Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

(iv) Portfolio diversification for better clarity

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

(i) *Credit Risk Mitigation*

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC.

(ii) *Treatment of Rating Downgrade*

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2015, the additional collateral to be posted was RM6,439,500 while the amount was RM13,989,200 as at 31 December 2014.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

56.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	The Group Maximum exposure	
	2015	**2014**
	RM'000	**RM'000**
Financial guarantees	13,143,862	7,591,973
Credit related commitments and contingencies	73,692,847	80,615,557
	86,836,709	88,207,530

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group is 80% (2014: 80%) while the financial effect of collateral for derivatives for the Group is 66% (2014: 60%). The financial effect of collateral held for the remaining financial assets are insignificant.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.2 Offsetting financial assets and financial liabilities

(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements - by type

	The Group						The Company					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
Financial assets	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities in the statement of financial position	Net amounts of financial assets	Financial instruments	Financial collateral received	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities in the statement of financial position	Net amounts of financial assets	Financial instruments	Financial collateral received	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015												
Derivatives	11,708,849	-	11,708,849	(5,843,861)	(1,830,149)	4,034,839	74	-	74	-	-	74
Reverse repurchase agreements	9,714,112	-	9,714,112	(1,553,752)	(7,959,317)	201,043	-	-	-	-	-	-
Loans, advances and financing												
- Share margin financing	1,652,830	-	1,652,830	-	(1,646,631)	6,199	-	-	-	-	-	-
Total	23,075,791	-	23,075,791	(7,397,613)	(11,436,097)	4,242,081	74	-	74	-	-	74
2014												
Derivatives	7,182,759	-	7,182,759	(3,464,692)	(765,202)	2,952,865	478	-	478	-	-	478
Reverse repurchase agreements	4,758,286	-	4,758,286	(1,207,558)	(3,381,675)	169,053	-	-	-	-	-	-
Loans, advances and financing												
- Share margin financing	1,752,933	-	1,752,933	-	(1,696,636)	56,297	-	-	-	-	-	-
Total	13,693,978	-	13,693,978	(4,672,250)	(5,843,513)	3,178,215	478	-	478	-	-	478

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.2 Offsetting financial assets and financial liabilities (Continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements - by type

	The Group						The Company					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
Financial liabilities	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets in the statement of financial position	Net amounts of financial liabilities	Financial instruments	Financial collaterals pledged	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets in the statement of financial position	Net amounts of financial liabilities	Financial instruments	Financial collaterals pledged	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015												
Derivatives	12,139,849	-	12,139,849	(5,842,194)	(3,037,418)	3,260,237	-	-	-	-	-	-
Repurchase agreements	8,527,463	-	8,527,463	(7,862,682)	(16,971)	647,810	-	-	-	-	-	-
Total	20,667,312	-	20,667,312	(13,704,876)	(3,054,389)	3,908,047	-	-	-	-	-	-
2014												
Derivatives	7,712,794	-	7,712,794	(3,305,289)	(996,911)	3,410,594	-	-	-	-	-	-
Repurchase agreements	5,735,839	-	5,735,839	(4,960,352)	(35,727)	739,760	-	-	-	-	-	-
Total	13,448,633	-	13,448,633	(8,265,641)	(1,032,638)	4,150,354	-	-	-	-	-	-

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows:

The Group	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Cash and short-term funds	11,611,044	4,760,711	309,252	564,387	2,870,527	1,142,262	1,491,755	320,354	1,872,098	24,942,390
Reverse repurchase agreements	3,946,041	163,401	1,156,146	924,787	953,110	961,051	424,495	-	1,185,081	9,714,112
Deposits and placements with banks and other financial institutions	26,459	533,626	71,853	42,193	-	304,384	109,525	142,446	598,996	1,829,482
Financial assets held for trading										
- Money market instruments	6,440,038	146,958	-	5,041,644	54,526	-	-	-	428,649	12,111,815
- Quoted securities	1,008	1,523,481	706,013	174,770	-	-	-	-	-	2,405,272
- Unquoted securities	1,761,728	142,441	286,869	358,409	284,041	734,563	674,826	235,949	493,919	4,972,745
Financial investments available-for-sale										
- Money market instruments	1,534,696	975,949	-	-	-	-	258,112	-	-	2,768,757
- Quoted securities	216,149	4,068,967	3,168,255	187,698	-	6,303	-	-	21,204	7,668,576
- Unquoted securities	13,917,702	629,563	395,630	2,178,176	180,672	644,236	1,650,091	756,705	473,265	20,826,040
Financial investments held-to-maturity										
- Money market instruments	8,424,407	-	-	1,036,657	349,954	-	-	-	-	9,811,018
- Quoted securities	118,943	1,571,853	2,676,138	211,030	-	22,935	83,210	-	30,862	4,714,971
- Unquoted securities	10,504,340	-	-	713,732	-	-	-	-	15,108	11,233,180
Derivative financial instruments										
- Trading derivatives	4,625,489	400,365	3,283,122	1,292,314	317,308	808,993	100,713	-	718,514	11,546,818
- Hedging derivatives	14,764	51	39,853	12,022	4,094	58,030	15,598	-	17,619	162,031
Loans, advances and financing										
- Overdrafts	3,993,540	199	845,749	94,559	-	766	-	19	245,824	5,180,656
- Term loans/financing	140,735,708	27,379,651	22,400,006	21,526,090	158,607	1,080,574	786,988	794,364	5,108,374	219,970,362
- Bills receivable	756,451	40,454	3,570,134	795,310	3,164	84,886	-	998,515	56,080	6,304,994
- Trust receipts	205,973	46,822	634,662	874,251	-	-	-	-	78,743	1,840,451
- Claim on customers under acceptance credit	3,050,552	270,945	48,440	223,577	122,732	16,525	119,903	149,740	364,858	4,367,272
- Credit card receivables	5,165,277	1,951,818	37,447	1,502,599	-	-	-	-	210	8,657,351
- Revolving credit	8,588,286	27,035,458	115,906	4,480,055	-	716,906	304,719	-	1,104,752	42,346,082
- Share margin financing	782,195	18,170	155,415	666,824	-	-	-	-	5,000	1,627,604
- Other loans	-	-	892	-	-	-	-	-	-	892
Other assets	9,117,077	1,040,472	1,039,224	1,095,121	47,091	1,061,025	433,166	19,965	1,850,213	15,703,354
Financial guarantees	3,211,809	453,983	11,280	8,645,413	193,185	72,220	217,840	-	338,132	13,143,862
Credit related commitments and contingencies	59,984,353	4,698,333	1,258,686	5,407,492	2,363	249,436	450,852	969,639	671,693	73,692,847
Total credit exposures	298,734,029	77,853,671	42,210,972	58,049,110	5,541,374	7,965,095	7,121,793	4,387,696	15,679,194	517,542,934

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows (Continued):

The Group	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Cash and short-term funds	13,164,290	4,249,783	198,058	3,253,026	2,714,785	1,314,994	2,342,084	88,814	2,155,939	29,481,773
Reverse repurchase agreements	2,755,082	57,697	107,364	70,967	-	1,621,326	115,964	-	29,886	4,758,286
Deposits and placements with banks and other financial institutions	2,456,975	353,196	79,196	510,708	-	223,394	82,159	33,346	500,014	4,238,988
Financial assets held for trading										
- Money market instruments	7,656,934	114,005	-	4,754,653	213,079	-	-	-	-	12,738,671
- Quoted securities	3,780	499,830	721,037	14,021	-	-	-	-	-	1,238,668
- Unquoted securities	2,540,888	115,385	376,662	617,940	208,148	556,267	850,356	276,269	446,337	5,988,252
Financial investments available-for-sale										
- Money market instruments	3,843,044	204,592	-	-	-	54,302	18,033	-	56,816	4,176,787
- Quoted securities	361,426	3,835,130	2,506,633	173,920	-	5,753	-	-	-	6,882,862
- Unquoted securities	14,176,007	442,345	396,338	1,798,182	30,589	485,866	1,075,232	372,007	571,202	19,347,768
Financial investments held-to-maturity										
- Money market instruments	4,691,226	-	-	487,878	275,964	-	-	-	-	5,455,068
- Quoted securities	-	1,289,485	2,585,289	140,856	-	22,211	67,237	-	13,007	4,118,085
- Unquoted securities	7,611,699	-	934	795,785	-	-	26,504	-	253,485	8,688,407
Derivative financial instruments										
- Trading derivatives	3,224,209	405,109	1,052,430	820,291	258,526	597,309	73,175	-	605,327	7,036,376
- Hedging derivatives	79,212	1,100	1,379	4,944	1,468	34,700	12,380	-	11,200	146,383
Loans, advances and financing										
- Overdrafts	4,105,443	112	809,292	96,114	53	768	294	2	199,555	5,211,633
- Term loans/financing	126,507,105	25,950,768	16,610,948	16,019,926	158,208	788,269	653,193	629,154	3,591,238	190,908,809
- Bills receivable	1,227,485	57,426	3,381,372	768,281	2,864	47,921	-	5,132,092	41,065	10,658,506
- Trust receipts	238,168	40,628	629,066	256,488	-	-	-	-	53,507	1,217,857
- Claim on customers under acceptance credit	2,934,120	554,078	36,005	201,513	47,155	135,248	23,940	49,054	388,503	4,369,616
- Credit card receivables	4,751,890	1,457,866	5,449	1,218,682	-	-	-	-	-	7,433,887
- Revolving credit	8,616,968	24,138,181	101,099	2,480,929	-	485,566	18,016	-	637,476	36,478,235
- Share margin financing	801,116	24,870	128,971	778,980	-	-	-	-	1,582	1,735,519
- Other loans	-	-	797	-	-	-	-	-	-	797
Other assets	4,102,131	498,264	659,322	2,303,299	108,514	724,825	1,356,193	1,617	752,867	10,507,032
Financial guarantees	2,369,822	798,899	18,054	4,080,438	-	11,978	81,151	-	231,631	7,591,973
Credit related commitments and contingencies	61,966,444	4,876,723	1,480,849	7,322,612	270	87,901	524,655	3,467,391	888,712	80,615,557
Total credit exposures	280,185,464	69,965,472	31,886,544	48,970,433	4,019,623	7,198,598	7,320,566	10,049,746	11,429,349	471,025,795

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows (Continued):

The Company	Malaysia	Indonesia	Total
	RM'000	RM'000	RM'000
2015			
Cash and short-term funds	59,570	3	59,573
Derivative financial instruments			
- Trading derivatives	74	-	74
Financial investments held-to-maturity	2,002,540	-	2,002,540
Loans, advances and financing			
- Term loans/financing	-	-	-
Other assets	440	-	440
	2,062,624	3	2,062,627
2014			
Cash and short-term funds	1,864,071	3	1,864,074
Derivative financial instruments			
- Trading derivatives	478	-	478
Loans, advances and financing			
- Term loans/financing	40	-	40
Other assets	13,764	-	13,764
	1,878,353	3	1,878,356

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows:

The Group	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial assets held for trading (i)	Financial investments available-for-sale (i)	Financial investments held-to-maturity (i)	Derivative financial instruments		Loans, advances and financing (ii)	Other financial assets	Total credit exposures
							Trading derivatives	Hedging derivatives			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015											
Primary agriculture	-	-	-	32,048	294,600	25,247	77,935	-	12,306,130	1,620	12,737,580
Mining and quarrying	-	-	-	317,473	428,023	-	7,073	-	7,951,739	422	8,704,730
Manufacturing	-	-	-	89,922	942,514	249,066	166,028	-	22,621,424	1,085	24,070,039
Electricity, gas and water	-	-	-	359,290	2,923,175	1,107,172	164,366	-	2,353,888	15,545	6,923,436
Construction	-	-	-	314,956	2,171,884	663,743	69,203	-	8,463,333	773	11,683,892
Transport, storage and communications	-	-	-	334,975	3,611,829	1,720,553	721,739	-	9,297,028	709,525	16,395,649
Education and health	-	-	-	16,428	31,920	7,249	35	-	9,967,629	617	10,023,878
Wholesale and retail trade, and restaurant	-	-	-	46,581	76,041	4,809	823	-	24,196,007	172,420	24,496,681
Finance, insurance, real estate business:											
Finance, insurance/ takaful, real estate and business activities:	9,206,789	7,593,382	1,422,948	8,053,828	10,227,606	7,770,363	8,765,782	158,007	39,242,451	13,353,130	105,794,286
Others:											
Government and government agencies	15,529,382	202,352	-	9,136,050	6,910,143	13,347,918	614,065	51	8,944,398	109,397	54,793,756
Household	-	13,380	-	-	-	-	-	-	127,865,712	328,912	128,208,004
Others	206,219	1,904,998	406,534	788,281	3,645,638	863,049	959,769	3,973	17,085,925	1,009,908	26,874,294
	24,942,390	9,714,112	1,829,482	19,489,832	31,263,373	25,759,169	11,546,818	162,031	290,295,664	15,703,354	430,706,225

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows (Continued):

The Group	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial assets held for trading (i)	Financial investments available-for-sale (i)	Financial investments held-to-maturity (i)	Derivative financial instruments Trading derivatives	Derivative financial instruments Hedging derivatives	Loans, advances and financing (ii)	Other financial assets	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014											
Primary agriculture	-	-	-	44,458	300,874	-	23,538	-	8,980,114	-	9,348,984
Mining and quarrying	-	-	-	359,974	310,026	-	928	-	5,931,415	-	6,602,343
Manufacturing	-	-	-	231,058	807,628	397,318	116,121	-	18,567,871	7,145	20,127,141
Electricity, gas and water	-	-	-	426,842	2,743,734	730,317	135,215	-	2,497,968	8,437	6,542,513
Construction	-	-	-	238,709	1,722,010	493,525	70,885	-	6,231,030	3,536	8,759,695
Transport, storage and communications	-	-	-	283,704	1,924,399	1,484,486	783,704	-	9,163,671	33,888	13,673,852
Education and health	-	-	-	8,308	21,757	-	122	-	8,828,922	31,363	8,890,472
Wholesale and retail trade, and restaurant	-	-	-	83,739	136,112	-	372	-	21,987,141	3,914	22,211,278
Finance, insurance, real estate business:											
Finance, insurance/takaful, real estate and business activities	16,665,016	2,694,398	3,894,450	7,377,211	10,030,695	5,805,573	5,121,448	146,383	37,983,318	9,161,905	98,880,397
Others:											
Government and government agencies	12,522,906	195,891	-	10,111,618	9,938,111	8,511,795	146,402	-	8,869,883	446,853	50,743,459
Household	-	11,201	-	-	-	-	282	-	112,258,293	415,175	112,684,951
Others	293,851	1,856,796	344,538	799,970	2,472,071	838,546	637,359	-	16,715,233	394,816	24,353,180
	29,481,773	4,758,286	4,238,988	19,965,591	30,407,417	18,261,560	7,036,376	146,383	258,014,859	10,507,032	382,818,265

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

(i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

The Group	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			
	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Primary agriculture	-	476	31,572	-	-	294,600	-	-	25,247	351,895
Mining and quarrying	-	3,651	313,822	-	85,160	342,863	-	-	-	745,496
Manufacturing	-	36,717	53,205	-	102,934	839,580	-	51,316	197,750	1,281,502
Electricity, gas and water	69,924	32,606	256,760	13,247	140,961	2,768,967	-	3,195	1,103,977	4,389,637
Construction	-	53,787	261,169	-	123,604	2,048,280	-	-	663,743	3,150,583
Transport, storage and communications	-	43,045	291,930	-	1,212,660	2,399,169	-	483,740	1,236,813	5,667,357
Education and health	-	16,428	-	-	31,920	-	-	7,249	-	55,597
Wholesale and retail trade, and restaurant	-	46,581	-	-	76,041	-	-	4,809	-	127,431
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business activities	4,812,878	465,159	2,775,792	533,263	2,891,225	6,803,117	1,632,115	1,979,391	4,158,863	26,051,803
Others:										
Government and government agencies	7,172,681	1,706,822	256,548	2,061,409	3,004,071	1,844,663	8,178,903	2,118,016	3,050,999	29,394,112
Others	56,332	-	731,947	160,838	-	3,484,801	-	67,255	795,788	5,296,961
	12,111,815	2,405,272	4,972,745	2,768,757	7,668,576	20,826,040	9,811,018	4,714,971	11,233,180	76,512,374

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

(i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

The Group	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			
	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Primary agriculture	-	5,798	38,660	-	31,770	269,104	-	-	-	345,332
Mining and quarrying	-	3,520	356,454	-	70,253	239,773	-	-	-	670,000
Manufacturing	-	26,954	204,104	44,925	13,947	748,756	-	6,513	390,805	1,436,004
Electricity, gas and water	51,957	51,703	323,182	11,090	137,760	2,594,884	-	43,780	686,537	3,900,893
Construction	-	2,780	235,929	-	71,357	1,650,653	-	-	493,525	2,454,244
Transport, storage and communications	-	45,805	237,899	-	406,883	1,517,516	-	341,372	1,143,114	3,692,589
Education and health	-	8,308	-	-	21,757	-	-	-	-	30,065
Wholesale and retail trade, and restaurant	-	26,992	56,747	-	79,511	56,601	-	-	-	219,851
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business services activities	3,095,462	652,057	3,629,693	178,040	2,416,939	7,435,714	199,962	1,995,489	3,610,123	23,213,479
Others:										
Government and government agencies	9,562,878	414,751	133,990	3,942,732	3,632,685	2,362,694	5,255,106	1,670,081	1,586,608	28,561,525
Others	28,374	-	771,594	-	-	2,472,073	-	60,850	777,695	4,110,586
	12,738,671	1,238,668	5,988,252	4,176,787	6,882,862	19,347,768	5,455,068	4,118,085	8,688,407	68,634,568

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

(ii) Loans, advances and financing are further analysed by product types as follows:

The Group	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Other loan	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Primary agriculture	300,111	7,166,792	51,318	47,251	249,686	123	4,490,849	-	-	12,306,130
Mining and quarrying	67,675	6,248,249	140,473	18,180	18,655	181	1,458,326	-	-	7,951,739
Manufacturing	636,138	7,903,919	2,483,042	554,294	1,274,499	1,785	9,765,383	2,364	-	22,621,424
Electricity, gas and water	15,724	2,268,638	1,529	1,689	-	114	66,194	-	-	2,353,888
Construction	522,687	6,169,860	158,950	46,946	112,304	1,480	1,449,725	1,381	-	8,463,333
Transport, storage and communications	169,628	7,256,981	183,305	787	11,717	824	1,673,599	187	-	9,297,028
Education and health	153,248	7,037,159	53,921	5,642	1,968	2,553	2,712,010	1,128	-	9,967,629
Trade and hospitality	1,163,182	11,188,627	1,277,397	309,479	1,315,753	4,105	8,936,747	717	-	24,196,007
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business activities	563,871	26,549,501	529,986	14,892	1,382,690	37,410	10,055,291	108,810	-	39,242,451
Others:										
Government and government agencies	-	8,943,506	-	-	-	-	-	-	892	8,944,398
Household	1,554,426	116,011,312	1,136	-	-	8,608,449	177,372	1,513,017	-	127,865,712
Others	33,966	13,225,818	1,423,937	841,291	-	327	1,560,586	-	-	17,085,925
	5,180,656	219,970,362	6,304,994	1,840,451	4,367,272	8,657,351	42,346,082	1,627,604	892	290,295,664

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

The Group	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Other loan	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Primary agriculture	254,028	4,859,051	101,859	37,845	170,241	109	3,556,982	-	-	8,980,115
Mining and quarrying	55,013	4,559,326	92,702	3,540	12,951	276	1,207,607	-	-	5,931,415
Manufacturing	624,710	5,895,620	2,321,354	509,766	1,263,303	1,144	7,951,974	-	-	18,567,871
Electricity, gas and water	9,370	2,229,644	6,629	1,207	678	64	250,376	-	-	2,497,968
Construction	537,778	4,041,299	93,171	35,241	136,179	1,020	1,384,181	2,161	-	6,231,030
Transport, storage and communications	153,072	6,817,602	695,268	407	10,056	591	1,486,675	-	-	9,163,671
Education and health	149,393	7,026,436	27,159	1,751	2,024	2,030	1,620,130	-	-	8,828,923
Trade and hospitality	1,114,196	10,064,473	1,106,883	342,706	1,307,691	3,155	8,047,334	702	-	21,987,140
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business activities	525,005	23,566,675	3,045,057	10,493	1,466,493	27,165	9,216,930	125,500	-	37,983,318
Others:										
Government and government agencies	-	8,869,086	-	-	-	-	-	-	797	8,869,883
Household	1,701,678	101,388,633	2,382	2,397	-	7,398,285	157,762	1,607,156	-	112,258,293
Others	87,390	11,590,964	3,166,042	272,504	-	48	1,598,284	-	-	16,715,232
	5,211,633	190,908,809	10,658,506	1,217,857	4,369,616	7,433,887	36,478,235	1,735,519	797	258,014,859

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for the following financial assets based on the industry sectors of the counterparty are as follows:

The Company	Cash and short term funds	Derivative financial instruments	Loans, advances and financing*	Other financial assets**	Financial investments held-to-maturity***	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Finance, insurance, real estate business:						
Finance, insurance/takaful, real estate and business activities:	59,573	74	-	-	2,002,540	2,062,187
Others:						
Others	-	-	-	440	-	440
	59,573	74	-	440	2,002,540	2,062,627
2014						
Finance, insurance, real estate business:						
Finance, insurance/takaful, real estate and business activities:	1,864,074	478	-	-	-	1,864,552
Others:						
Others	-	-	40	13,764	-	13,804
	1,864,074	478	40	13,764	-	1,878,356

* Relates to term loans
** Other financial assets include amount owing by subsidiaries and other financial assets
*** All financial investments held-to-maturity are unquoted securities

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations for financial guarantees and credit related commitments and contingencies based on the industry sectors of the counterparty are as follows:

	The Group			
	Financial guarantees	Credit related commitments and contingencies	Financial guarantees	Credit related commitments and contingencies
	2015	2015	2014	2014
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	23,862	1,101,762	15,028	789,454
Mining and quarrying	404,931	1,541,728	142,077	1,443,257
Manufacturing	375,758	5,355,290	385,683	5,870,786
Electricity, gas and water	86,893	524,268	60,684	621,567
Construction	923,606	5,033,724	531,387	5,435,280
Transport, storage and communications	197,573	1,380,305	123,578	860,037
Education and health	247,259	2,915,361	45,703	2,741,477
Wholesale and retail trade, and restaurant	6,355,212	6,248,927	1,879,151	10,180,051
Finance, insurance/takaful, real estate and business activities:				
Finance, insurance/takaful,real estate and business activities	4,395,011	13,791,224	4,337,955	13,397,605
Others:				
Household	55,284	32,362,860	48,995	35,353,262
Others	78,473	3,437,398	21,732	3,922,781
	13,143,862	73,692,847	7,591,973	80,615,557

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets

Financial assets are required under MFRS 7, to be categorised into "neither past due nor impaired", "past due but not impaired" or "impaired".

(a) Loans, advances and financing

Loans, advances and financing of the Group are summarised as follows:

The Group	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	Total gross amount
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
Overdrafts	4,739,523	400,266	364,898	5,504,687
Term loans/financing	207,050,095	12,070,487	5,979,677	225,100,259
Bills receivable	6,219,999	72,162	166,296	6,458,457
Trust receipts	1,787,170	55,275	159,297	2,001,742
Claim on customers under acceptance credit	4,324,923	3,908	169,221	4,498,052
Credit card receivables	8,125,294	549,838	167,858	8,842,990
Revolving credit	41,431,678	444,859	2,049,164	43,925,701
Share margin financing	1,624,937	3,773	24,120	1,652,830
Other loans	892	-	1,228	2,120
Total	275,304,511	13,600,568	9,081,759	297,986,838
Less: Impairment allowances*				(7,691,174)
Total net amount				290,295,664
31 December 2014				
Overdrafts	4,742,133	414,978	440,751	5,597,862
Term loans/financing	179,378,980	10,632,287	5,741,994	195,753,261
Bills receivable	10,648,613	22,705	103,384	10,774,702
Trust receipts	1,202,442	4,195	187,906	1,394,543
Claim on customers under acceptance credit	4,326,734	3,661	242,865	4,573,260
Credit card receivables	7,024,339	436,688	114,584	7,575,611
Revolving credit	35,845,103	182,337	1,328,487	37,355,927
Share margin financing	1,722,443	9,044	21,446	1,752,933
Other loans	797	-	1,272	2,069
Total	244,891,584	11,705,895	8,182,689	264,780,168
Less: Impairment allowances*				(6,765,309)
Total net amount				258,014,859

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(a) Loans, advances and financing (Continued)

(i) Loans, advances and financing that are "neither past due nor impaired"

Loans, advances and financing of the Company as at 31 December 2015 of RM Nil (2014: RM40,000) are categorised as "neither past due nor impaired".

The credit quality of loans, advances and financing that are "neither past due nor impaired" can be assessed by reference to the internal rating system adopted by the Group and the Company.

The Group	Good	Satisfactory	No rating	Total
	RM'000	RM'000	RM'000	RM'000
2015				
Overdrafts	2,139,148	138,151	2,462,224	4,739,523
Term loans/financing	83,505,550	5,133,556	118,410,988	207,050,094
Bills receivable	4,442,272	107,143	1,670,584	6,219,999
Trust receipts	1,649,318	55,964	81,888	1,787,170
Claim on customers under acceptance credit	3,574,404	52,515	698,004	4,324,923
Credit card receivables	1,816,383	-	6,308,911	8,125,294
Revolving credit	37,578,861	443,631	3,409,186	41,431,678
Share margin financing	-	-	1,624,937	1,624,937
Other loans	-	-	892	892
Total	134,705,936	5,930,960	134,667,614	275,304,510
2014				
Overdrafts	1,828,163	146,297	2,767,673	4,742,133
Term loans/financing	62,686,076	1,714,734	114,978,170	179,378,980
Bills receivable	8,564,316	142,249	1,942,048	10,648,613
Trust receipts	1,016,761	64,651	121,030	1,202,442
Claim on customers under acceptance credit	3,120,784	44,201	1,161,749	4,326,734
Credit card receivables	1,355,181	-	5,669,158	7,024,339
Revolving credit	30,681,074	123,725	5,040,304	35,845,103
Share margin financing	-	-	1,722,443	1,722,443
Other loans	-	-	797	797
Total	109,252,355	2,235,857	133,403,372	244,891,584

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(a) Loans, advances and financing (Continued)

(i) Loans, advances and financing that are "neither past due nor impaired" (Continued)

The Company	2015 No rating	2015 Total	2014 No rating	2014 Total
	RM'000	RM'000	RM'000	RM'000
Term loans/financing	-	-	40	40
Total	-	-	40	40

Credit quality description can be summarised as follows:

Good - There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Company.

Satisfactory - There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

No rating - Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

(ii) Loans, advances and financing that are "past due but not impaired"

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(a) Loans, advances and financing (Continued)

(ii) Loans, advances and financing that are "past due but not impaired" (Continued)

An age analysis of loans, advances and financing that are "past due but not impaired" is set out below:

The Group	Up to 1 month	> 1 to 3 months	Total
	RM'000	RM'000	RM'000
2015			
Overdrafts	370,887	29,379	400,266
Term loans/financing	9,745,238	2,325,249	12,070,487
Bills receivable	68,486	3,676	72,162
Trust receipts	31,847	23,428	55,275
Claim on customers under acceptance credit	3,219	689	3,908
Credit card receivables	459,474	90,364	549,838
Revolving credit	112,487	332,372	444,859
Share margin financing	3,383	390	3,773
Total	10,795,021	2,805,547	13,600,568
2014			
Overdrafts	386,577	28,401	414,978
Term loans/financing	9,129,209	1,503,078	10,632,287
Bills receivable	20,440	2,265	22,705
Trust receipts	3,463	732	4,195
Claim on customers under acceptance credit	1,288	2,373	3,661
Credit card receivables	369,229	67,459	436,688
Revolving credit	97,325	85,012	182,337
Share margin financing	9,044	-	9,044
Total	10,016,575	1,689,320	11,705,895

(iii) Impaired loans, advances and financing

	The Group	
	2015	2014
	RM'000	RM'000
Total gross impaired loans	9,081,759	8,182,689
Less: Impairment allowances	(5,162,331)	(5,037,242)
Total net impaired loans	3,919,428	3,145,447

Refer to Note 8(vii) and Note 8(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(b) Financial investments

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

The Group	Neither past due nor impaired (i)	Impaired	Total gross amount
	RM'000	RM'000	RM'000
2015			
Financial assets held for trading			
- Money market instruments	12,111,815	-	12,111,815
- Quoted securities	2,405,272	-	2,405,272
- Unquoted securities	4,972,745	-	4,972,745
Financial investments available-for-sale			
- Money market instruments	2,768,757	-	2,768,757
- Quoted securities	7,674,801	-	7,674,801
- Unquoted securities	20,826,040	70,517	20,896,557
Financial investments held-to-maturity			
- Money market instruments	9,811,018	-	9,811,018
- Quoted securities	4,715,700	4,814	4,720,514
- Unquoted securities	11,233,180	7,030	11,240,210
Total	76,519,328	82,361	76,601,689
Less: Impairment allowance*			(89,315)
Total net amount			76,512,374

* Impairment allowance represents allowance made against financial assets that have been impaired

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(b) Financial investments (Continued)

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

The Group	Neither past due nor impaired (i)	Impaired	Total gross amount
	RM'000	RM'000	RM'000
2014			
Financial assets held for trading			
- Money market instruments	12,738,671	-	12,738,671
- Quoted securities	1,238,668	-	1,238,668
- Unquoted securities	5,988,252	-	5,988,252
Financial investments available-for-sale			
- Money market instruments	4,176,787	-	4,176,787
- Quoted securities	6,888,427	-	6,888,427
- Unquoted securities	19,347,768	75,357	19,423,125
Financial investments held-to-maturity			
- Money market instruments	5,455,068	-	5,455,068
- Quoted securities	4,119,119	4,228	4,123,347
- Unquoted securities	8,687,473	28,461	8,715,934
Total	68,640,233	108,046	68,748,279
Less: Impairment allowance*			(113,711)
Total net amount			68,634,568

* Impairment allowance represents allowance made against financial assets that have been impaired

There were no financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are "past due but not impaired" as at 31 December 2015 and 31 December 2014 for the Group.

The Company	Neither past due nor impaired (i)	Impaired	Total gross amount
	RM'000	RM'000	RM'000
2015			
Financial investments held-to-maturity			
- Unquoted securities	2,002,540	-	2,002,540
Total	2,002,540	-	2,002,540

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(b) Financial investments (Continued)

(i) Financial investments that are "neither past due nor impaired"

The table below presents an analysis of financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are "neither past due nor impaired", based on rating by major credit rating agencies:

The Group	Sovereign	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Financial assets held for trading					
- Money market instruments	6,812,456	5,059,538	-	239,821	12,111,815
- Quoted securities	1,677,774	727,498	-	-	2,405,272
- Unquoted securities	169,248	3,531,345	14,415	1,257,737	4,972,745
Financial investments available-for-sale					
- Money market instruments	2,303,345	465,412	-	-	2,768,757
- Quoted securities	5,142,010	2,532,791	-	-	7,674,801
- Unquoted securities	2,135,140	16,001,804	47,453	2,641,643	20,826,040
Financial investments held-to-maturity					
- Money market instruments	9,523,458	267,861	-	19,699	9,811,018
- Quoted securities	4,374,869	340,831	-	-	4,715,700
- Unquoted securities	5,933,949	2,603,426	154,006	2,541,799	11,233,180
Total	38,072,249	31,530,506	215,874	6,700,699	76,519,328

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(b) Financial investments (Continued)

(i) Financial investments that are "neither past due nor impaired" (Continued)

The table below presents an analysis of financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are "neither past due nor impaired", based on rating by major credit rating agencies (Continued):

The Group	Sovereign	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2014					
Financial assets held for trading					
- Money market instruments	9,709,897	3,028,774	-	-	12,738,671
- Quoted securities	789,338	449,330	-	-	1,238,668
- Unquoted securities	112,443	4,291,511	135,773	1,448,525	5,988,252
Financial investments available-for-sale					
- Money market instruments	3,824,671	352,116	-	-	4,176,787
- Quoted securities	5,153,923	1,734,504	-	-	6,888,427
- Unquoted securities	3,543,894	13,369,867	493,598	1,940,409	19,347,768
Financial investments held-to-maturity					
- Money market instruments	5,237,936	217,132	-	-	5,455,068
- Quoted securities	3,829,217	289,902	-	-	4,119,119
- Unquoted securities	2,495,740	3,146,946	154,155	2,890,632	8,687,473
Total	34,697,059	26,880,082	783,526	6,279,566	68,640,233

The securities with no ratings mainly consist of private debt securities.

The Company	Investment grade (AAA to BBB-)	No rating	Total
	RM'000	RM'000	RM'000
2015			
Financial investments held-to-maturity			
- Unquoted securities	2,002,540	-	2,002,540
Total	2,002,540	-	2,002,540

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(c) Other financial assets

Other financial assets of the Group and the Company are summarised as follows:

The Group	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired	Total gross amount
	RM'000	RM'000	RM'000	RM'000
2015				
Cash and short-term funds	24,944,028	-	-	24,944,028
Reverse repurchase agreements	9,714,112	-	-	9,714,112
Deposits and placements with banks and other financial institutions	1,829,482	-	-	1,829,482
Other assets	15,542,268	104,147	216,729	15,863,144
Derivative financial instruments	11,708,849	-	-	11,708,849
Total	63,738,739	104,147	216,729	64,059,615
Less: Impairment allowance*				(159,788)
Total net amount				63,899,827
2014				
Cash and short-term funds	29,481,773	-	-	29,481,773
Reverse repurchase agreements	4,758,286	-	-	4,758,286
Deposits and placements with banks and other financial institutions	4,238,988	-	-	4,238,988
Other assets	10,477,341	30,435	130,370	10,638,146
Derivative financial instruments	7,182,759	-	-	7,182,759
Total	56,139,147	30,435	130,370	56,299,952
Less: Impairment allowance*				(131,113)
Total net amount				56,168,839

* Impairment allowance represents allowance made against financial assets that have been impaired.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(c) Other financial assets (Continued)

Other financial assets of the Group and the Company are summarised as follows (Continued):

The Company	Neither past due nor impaired (i)	Impaired	Total gross amount
	RM'000	RM'000	RM'000
2015			
Cash and short-term funds	59,573	-	59,573
Other assets	440	-	440
Derivative financial instruments	74	-	74
Amount owing by subsidiaries	-	775	775
Total	60,087	775	60,862
Less: Impairment allowance*			(775)
Total net amount			60,087
2014			
Cash and short-term funds	1,864,074	-	1,864,074
Other assets	13,764	-	13,764
Derivative financial instruments	478	-	478
Amount owing by subsidiaries	-	775	775
Total	1,878,316	775	1,879,091
Less: Impairment allowance*			(775)
Total net amount			1,878,316

* Impairment allowance represents allowance made against financial assets that have been impaired.

There were no other credit risk financial assets that are "past due but not impaired" as at 31 December 2015 and 31 December 2014 for the Company.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(c) Other financial assets (Continued)

(i) Other financial assets that are "neither past due nor impaired"

The tables below present an analysis of other financial assets that are "neither past due nor impaired", based on rating by major credit rating agencies:

The Group	Sovereign	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Cash and short-term funds	15,885,852	7,371,859	7,424	1,678,890	24,944,025
Reverse repurchase agreements	6,906,559	1,182,072	141,085	1,484,396	9,714,112
Deposits and placements with banks and other financial institutions	430,041	989,673	231,485	178,283	1,829,482
Other assets	302,077	4,842,092	250,424	10,147,675	15,542,268
Derivative financial instruments	8,870	8,470,228	2,045,319	1,184,432	11,708,849
Total	23,533,399	22,855,924	2,675,737	14,673,676	63,738,736
2014					
Cash and short-term funds	12,775,485	15,846,854	3,958	855,476	29,481,773
Reverse repurchase agreements	1,380,711	2,723,328	-	654,247	4,758,286
Deposits and placements with banks and other financial institutions	679,762	3,243,419	-	315,807	4,238,988
Other assets	521,471	2,598,112	-	7,357,758	10,477,341
Derivative financial instruments	425,878	4,606,009	1,277,632	873,240	7,182,759
Total	15,783,307	29,017,722	1,281,590	10,056,528	56,139,147

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(c) Other financial assets (Continued)

(i) Other financial assets that are "neither past due nor impaired" (Continued)

The tables below present an analysis of other financial assets that are "neither past due nor impaired", based on rating by major credit rating agencies (Continued):

The Company	Investment grade (AAA to BBB-)	No rating	Total
	RM'000	RM'000	RM'000
2015			
Cash and short-term funds	59,573	-	59,573
Other assets	-	440	440
Derivative financial instruments	74	-	74
Total	59,647	440	60,087
2014			
Cash and short-term funds	1,864,074	-	1,864,074
Other assets	-	13,764	13,764
Derivative financial instruments	478	-	478
Total	1,864,552	13,764	1,878,316

(ii) Other financial assets that are "past due but not impaired"

An age analysis of the other financial assets of the Group that are "past due but not impaired" as at 31 December 2015 and 31 December 2014 are set out as below.

The Group	Past due but not impaired		
	Up to 1 month	> 1 - 3 months	Total
	RM'000	RM'000	RM'000
2015			
Other assets	78,741	25,406	104,147
2014			
Other assets	6,849	23,586	30,435

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.1 Credit risk (Continued)

56.1.5 Repossessed collateral

The Group obtained assets by taking possession of collateral held as security as at 31 December 2015 and 31 December 2014 are as follows:

The Group	Carrying amount
Nature of assets	**RM'000**
2015	
Industrial and residential properties and development land	404,142
Nature of assets	
2014	
Industrial and residential properties and development land	356,826

Repossessed collaterals are sold as soon as practicable. The Group does not utilise the repossessed collaterals for its business use.

56.2 Market risk

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

Market Risk Management (MRM)

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee and Group Underwriting Committee ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC, GMRC and GUC, supported by the Market Risk Centre of Excellence in GRD is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

CIMB Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/profit rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

Market Risk Management (MRM) (Continued)

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee and GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, the Market Risk Centre of Excellence undertakes the monitoring and oversight process at Treasury & Markets trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

56.2.1 VaR

The usage of market VaR by risk type based on 1-day holding period of the Group's trading exposures are set out as below:

	The Group	
	2015	2014
	RM'000	RM'000
Foreign exchange risk	12,456	6,837
Interest rate risk	16,949	17,655
Equity risk	5,154	9,400
Commodity risk	485	2
Total	35,044	33,894
Total shareholder's fund	41,050,778	37,360,436
Percentage of shareholder's fund	0.09%	0.09%

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk

Interest rate risk relates to the potential adverse impact on net interest income arising from changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk ("EaR").

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

		Non-trading book								
The Group	**Note**	**Up to 1 month**	**> 1 - 3 months**	**> 3 - 6 months**	**> 6 - 12 months**	**> 1 - 5 years**	**Over 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015										
Financial assets										
Cash and short-term funds		22,396,989	-	-	-	-	-	6,921,841	-	29,318,830
Reverse repurchase agreements		6,452,776	1,751,880	59,895	-	1,086,230	275,727	87,604	-	9,714,112
Deposits and placements with banks and other financial institutions		574,297	640,876	293,685	267,245	-	-	53,379	-	1,829,482
Financial assets held for trading		-	-	-	-	-	-	-	20,680,266	20,680,266
Financial investments available-for-sale	(i)	171,062	489,182	1,149,673	1,831,563	11,756,405	15,569,776	1,799,887	-	32,767,548
Financial investments held-to-maturity	(i)	216,487	693,880	437,943	1,642,238	10,506,239	11,993,386	268,996	-	25,759,169
Derivative financial instruments										
- Trading derivatives		-	-	-	-	-	-	-	11,546,818	11,546,818
- Hedging derivatives		1,803	4,299	3,962	9,119	117,561	25,287	-	-	162,031
Loans, advances and financing	(i)	189,579,899	18,903,438	8,770,844	6,318,277	38,570,166	28,152,043	997	-	290,295,664
Other assets		1,783,904	131,734	92,071	437,268	2,391,724	-	10,866,595	-	15,703,296
Total financial assets		221,177,127	22,615,289	10,808,073	10,505,710	64,428,325	56,016,219	19,999,299	32,227,084	437,777,216

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

The Group	Non-trading book								
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Trading book	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015									
Financial liabilities									
Deposits from customers	165,231,525	49,873,855	29,205,603	36,294,161	6,057,021	2,132,063	28,629,353	-	317,423,581
Placements from investment accounts	226,727	-	-	-	-	-	5,989	-	232,716
Deposits and placements of banks and other financial institutions	9,616,698	6,130,691	2,809,138	3,583,246	1,083,378	291,938	176,861	-	23,691,950
Repurchase agreements	795,857	5,439,846	205,354	605,279	532,154	275,727	673,246	-	8,527,463
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	11,532,980	11,532,980
- Hedging derivatives	666	28,004	9,969	56,119	443,898	68,213	-	-	606,869
Bills and acceptances payable	1,075,061	489,309	646,681	16,071	61,933	-	39,904	-	2,328,959
Financial liabilities designated at fair value	149,048	458,145	1,177,577	-	3,055,455	546,158	21,013	(454,625)	4,952,771
Other liabilities	1,380,937	9,692	375	750	101,081	173,833	11,915,267	-	13,581,935
Other borrowings	1,243,635	609,609	688,286	583,489	5,887,579	-	24,526	-	9,037,124
Subordinated obligations	-	-	250,097	1,349,893	8,154,981	3,753,444	186,476	-	13,694,891
Bonds and debentures	554,089	1,642,452	979,543	1,904,284	6,106,271	-	90,537	-	11,277,176
Recourse obligation on loans and financing sold to Cagamas	-	-	-	-	852,225	957,106	8,485	-	1,817,816
Total financial liabilities	180,274,243	64,681,603	35,972,623	44,393,292	32,335,976	8,198,482	41,771,657	11,078,355	418,706,231
Net interest sensitivity gap	40,902,974	(42,066,314)	(25,164,550)	(33,887,582)	32,092,349	47,817,737		21,148,729	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	13,143,862	-	13,143,862
Credit related commitments and contingencies	-	-	-	-	-	-	73,692,847	-	73,692,847
Treasury related commitments and contingencies (hedging)	936,666	1,251,223	6,087,558	2,238,206	17,354,839	8,484,665	-	-	36,353,157
Net interest sensitivity gap	936,666	1,251,223	6,087,558	2,238,206	17,354,839	8,484,665	86,836,709	-	123,189,866

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

The Group	Note	Non-trading book: Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Trading book	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Financial assets										
Cash and short-term funds		27,014,437	12,916	-	2,000	-	-	6,433,464	-	33,462,817
Reverse repurchase agreements		2,882,534	1,580,459	26,842	244,755	-	-	23,696	-	4,758,286
Deposits and placements with banks and other financial institutions		2,517,999	1,266,720	188,250	26,567	15,039	-	224,413	-	4,238,988
Financial assets held for trading		-	-	-	-	-	-	-	23,803,771	23,803,771
Financial investments available-for-sale	(i)	282,777	559,650	621,150	908,596	12,096,344	15,733,047	2,084,958	-	32,286,522
Financial investments held-to-maturity	(i)	193,123	933,112	543,555	738,009	7,260,694	8,402,768	190,300	-	18,261,561
Derivative financial instruments										
- Trading derivatives		-	-	-	-	-	-	-	7,036,376	7,036,376
- Hedging derivatives		10,028	8,021	18,550	35,139	18,871	55,774	-	-	146,383
Loans, advances and financing	(i)	163,565,098	17,819,067	8,587,023	8,208,659	31,891,056	27,943,049	907	-	258,014,859
Other assets		659,683	4,626	84,266	8,142	908,062	-	8,842,253	-	10,507,032
Total financial assets		197,125,679	22,184,571	10,069,636	10,171,867	52,190,066	52,134,638	17,799,991	30,840,147	392,516,595

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

The Group	Non-trading book								
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Trading book	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014									
Financial liabilities									
Deposits from customers	168,591,363	34,077,651	21,840,164	22,212,151	8,186,127	2,824,502	24,336,829	-	282,068,787
Deposits and placements of banks and other financial institutions	12,948,553	9,056,721	7,103,614	1,999,877	699,169	222,288	119,576	-	32,149,798
Repurchase agreements	504,357	2,523,504	1,784,097	121,426	792,288	-	10,167	-	5,735,839
Derivative financial instruments									-
- Trading derivatives	-	-	-	-	-	-	-	7,230,283	7,230,283
- Hedging derivatives	9,803	37,258	91,997	16,052	140,528	186,873	-	-	482,511
Bills and acceptances payable	1,509,736	864,210	508,678	8,333	68,016	-	39,161	-	2,998,134
Financial liabilities designated at fair value	218,736	226,176	282,135	-	2,200,085	1,068,861	16,137	(321,429)	3,690,701
Other liabilities	383,032	5,141	375	750	3,000	-	9,615,663	-	10,007,961
Other borrowings	920,696	430,632	1,062,523	1,607,703	4,985,258	261,815	22,180	-	9,290,807
Subordinated obligations	-	-	150,000	1,004,852	5,654,234	5,597,601	175,807	-	12,582,494
Bonds and debentures	537,888	79,183	1,128,220	375,096	5,514,391	-	31,270	-	7,666,048
Non-cumulative guaranteed and redeemable preference shares	-	-	-	725,933	-	36,667	7,588	-	770,188
Total financial liabilities	185,624,164	47,300,476	33,951,803	28,072,173	28,243,096	10,198,607	34,374,378	6,908,854	374,673,551
Net interest sensitivity gap	11,501,515	(25,115,905)	(23,882,167)	(17,900,306)	23,946,970	41,936,031		23,931,293	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	7,591,973	-	7,591,973
Credit related commitments and contingencies	-	-	-	-	-	-	80,615,557	-	80,615,557
Treasury related commitments and contingencies (hedging)	1,005,406	772,083	3,233,671	1,795,820	11,760,397	11,383,652	-	-	29,951,029
Net interest sensitivity gap	1,005,406	772,083	3,233,671	1,795,820	11,760,397	11,383,652	88,207,530	-	118,158,559

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

The Group	Non-trading book							
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Financial investments available-for-sale								
- Money market instruments	129,183	117,655	128,929	-	469,080	1,907,704	16,206	2,768,757
- Quoted securities	38,349	340,620	740,958	619,029	3,812,072	2,046,835	216,565	7,814,428
- Unquoted securities	3,530	30,907	279,786	1,212,534	7,475,253	11,615,237	1,567,116	22,184,363
Financial investments held-to-maturity								
- Money market instruments	-	90,897	19,698	681,274	4,080,851	4,854,452	83,845	9,811,017
- Quoted securities	106,287	439,881	172,830	775,419	2,203,780	955,109	61,664	4,714,970
- Unquoted securities	110,200	163,102	245,415	185,545	4,221,608	6,183,825	123,487	11,233,182
Loans, advances and financing								
- Overdrafts	5,180,656	-	-	-	-	-	-	5,180,656
- Term loans/financing	149,857,837	8,729,957	2,733,794	2,174,971	32,812,400	23,661,394	9	219,970,362
- Bills receivable	3,274,205	2,287,049	689,319	54,421	-	-	-	6,304,994
- Trust receipts	1,063,440	439,705	333,993	3,313	-	-	-	1,840,451
- Claim on customers under acceptance credit	1,315,941	1,956,259	1,073,506	20,731	835	-	-	4,367,272
- Credit card receivables	8,657,351	-	-	-	-	-	-	8,657,351
- Revolving credit	18,602,961	5,490,468	3,940,232	4,064,841	5,756,931	4,490,649	-	42,346,082
- Share margin financing	1,627,508	-	-	-	-	-	96	1,627,604
- Other loans	-	-	-	-	-	-	892	892
Total	189,967,448	20,086,500	10,358,460	9,792,078	60,832,810	55,715,205	2,069,880	348,822,381

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows (Continued):

	Non-trading book							
The Group	**Up to 1 month**	**> 1 - 3 months**	**> 3 - 6 months**	**> 6 - 12 months**	**> 1 - 5 years**	**Over 5 years**	**Non-interest sensitive**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2014								
Financial investments available-for-sale								
- Money market instruments	73,075	47,913	54,302	48,624	1,444,427	2,481,461	26,985	4,176,787
- Quoted securities	201,173	430,819	495,977	491,810	3,846,304	1,436,478	274,187	7,176,748
- Unquoted securities	8,529	80,918	70,871	368,162	6,805,613	11,815,108	1,783,786	20,932,987
Financial investments held-to-maturity								
- Money market instruments	-	-	-	131,036	1,851,719	3,420,336	51,977	5,455,068
- Quoted securities	168,117	337,191	435,918	258,666	2,354,989	513,771	49,433	4,118,085
- Unquoted securities	25,006	595,921	107,637	348,307	3,053,986	4,468,661	88,890	8,688,408
Loans, advances and financing								
- Overdrafts	5,211,633	-	-	-	-	-	-	5,211,633
- Term loans/financing	129,814,917	6,826,768	1,817,009	2,601,996	26,190,894	23,657,202	23	190,908,809
- Bills receivable	3,648,245	2,930,204	2,062,478	2,017,579	-	-	-	10,658,506
- Trust receipts	596,414	378,406	238,171	3,670	1,196	-	-	1,217,857
- Claim on customers under acceptance credit	1,471,511	1,911,653	969,679	11,625	5,148	-	-	4,369,616
- Credit card receivables	7,433,887	-	-	-	-	-	-	7,433,887
- Revolving credit	13,653,059	5,772,036	3,499,686	3,573,789	5,693,818	4,285,847	-	36,478,235
- Share margin financing	1,735,432	-	-	-	-	-	87	1,735,519
- Other loans	-	-	-	-	-	-	797	797
Total	164,040,998	19,311,829	9,751,728	9,855,264	51,248,094	52,078,864	2,276,165	308,562,942

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

	Non-trading book								
The Company	**Up to 1 month**	**> 1 - 3 months**	**> 3 - 6 months**	**> 6 - 12 months**	**> 1 - 5 years**	**Over 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015									
Financial assets									
Cash and short-term funds	58,465	-	-	-	-	-	1,108	-	59,573
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	74	74
Financial investments held-to-maturity	-	-	-	-	-	2,000,000	2,540	-	2,002,540
Other assets	-	-	-	-	-	-	440	-	440
Total financial assets	58,465	-	-	-	-	2,000,000	4,088	74	2,062,627
Financial liabilities									
Other liabilities	-	-	-	-	-	-	7,197	-	7,197
Other borrowings	200,000	99,003	646,873	200,000	3,515,670	-	11,063	-	4,672,609
Subordinated obligations	-	-	-	-	1,980,000	2,000,000	12,277	-	3,992,277
Total financial liabilities	200,000	99,003	646,873	200,000	5,495,670	2,000,000	30,537	-	8,672,083
Net interest sensitivity gap	(141,535)	(99,003)	(646,873)	(200,000)	(5,495,670)	-		74	
Net interest sensitivity gap									
Treasury related commitments and contingencies	-	-	-	-	-	-	-	-	-

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	Non-trading book								
The Company	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Trading book	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014									
Financial assets									
Cash and short-term funds	1,862,830	-	-	-	-	-	1,244	-	1,864,074
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	478	478
Loans, advances and financing									
- Term loans/financing	-	-	-	-	2	38	-	-	40
Other assets	-	-	-	-	-	-	13,764	-	13,764
Amount owing by subsidiaries	-	-	-	-	-	-	-	-	-
Total financial assets	1,862,830	-	-	-	2	38	15,008	478	1,878,356
Financial liabilities									
Other liabilities	-	-	-	-	-	-	3,362	-	3,362
Other borrowings	-	-	1,000,000	1,130,000	2,164,335	-	10,680	-	4,305,015
Subordinated obligations	-	-	150,000	-	1,380,000	600,000	11,402	-	2,141,402
Amount owing to subsidiaries	-	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	1,150,000	1,130,000	3,544,335	600,000	25,444	-	6,449,779
Net interest sensitivity gap	1,862,830	-	(1,150,000)	(1,130,000)	(3,544,333)	(599,962)		478	
Net interest sensitivity gap									
Treasury related commitments and contingencies	-	-	-	-	-	-	-	-	-

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(b) Sensitivity of profit

The table below shows the sensitivity of the Group and the Company's banking book to movement in interest rates:

	The Group Increase/(decrease)		The Company Increase/(decrease)	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
	RM'000	RM'000	RM'000	RM'000
2015				
Impact to profit (after tax)	(147,014)	147,014	(5,043)	5,043
2014				
Impact to profit (after tax)	(217,573)	217,573	5,880	(5,880)

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products,whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.2 Interest rate risk (Continued)

(c) Sensitivity of reserves

The table below shows the sensitivity of the Group's banking book to movement in interest rates:

	2015		2014	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
	RM'000	RM'000	RM'000	RM'000
Impact to revaluation reserve-financial investments available-for-sale	(2,209,234)	2,209,234	(1,515,784)	1,515,784

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserves in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group would take to mitigate the impact of this interest rate risk. In practice, the Group proactively seeks to mitigate the effect of prospective interest movements.

56.2.3 Foreign exchange risk

The Group and Company are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Company take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manage its exposure to foreign exchange currencies at each entity level.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company:

The Group	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	HKD	EUR	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015														
Financial assets														
Cash and short-term funds	12,335,781	4,879,880	436,074	371,812	7,427,369	222,269	1,543,074	106,447	354,098	712,900	205,522	723,606	16,983,049	29,318,830
Reverse repurchase agreements	816,866	155,831	1,153,935	2,143,496	5,292,089	35,737	87,734	421	-	4,733	23,270	-	8,897,246	9,714,112
Deposits and placements with banks and other financial institutions	554,817	131,600	70,130	523	277,969	-	127,545	-	99,496	67,508	127,243	372,651	1,274,665	1,829,482
Financial assets held for trading														
- Money market instruments	6,431,780	-	-	5,041,645	195,722	-	-	428,649	-	-	14,019	-	5,680,035	12,111,815
- Quoted securities	204,717	2,205,182	740,515	8,726	25,674	9,742	47,379	-	-	166,910	2,692	26,784	3,233,604	3,438,321
- Unquoted securities	1,352,766	-	-	414,759	3,070,759	25,550	-	-	159,894	67,514	38,888	-	3,777,364	5,130,130
Financial investments available-for-sale														
- Money market instruments	1,319,599	-	-	-	1,241,444	-	117,655	-	-	-	90,059	-	1,449,158	2,768,757
- Quoted securities	89,700	4,413,700	3,187,582	94	123,352	-	-	-	-	-	-	-	7,724,728	7,814,428
- Unquoted securities	14,136,882	43,761	4,043	2,051,773	5,445,642	105,684	58,830	-	232,561	55	100,895	4,237	8,047,481	22,184,363
Financial investments held-to-maturity														
- Money market instruments	8,424,406	-	-	1,041,875	344,736	-	-	-	-	-	-	-	1,386,611	9,811,017
- Quoted securities	-	1,466,571	2,676,138	-	562,644	-	-	-	-	-	-	9,617	4,714,970	4,714,970
- Unquoted securities	10,505,809	-	-	713,732	13,641	-	-	-	-	-	-	-	727,373	11,233,182
Derivative financial instruments														
- Trading derivatives	140,850	229,793	816,843	159,385	10,024,223	12,648	23,651	69,196	3,848	12,448	49,385	4,548	11,405,968	11,546,818
- Hedging derivatives	6,600	51	1,814	30,599	90,616	-	2,095	-	17,887	9,744	2,625	-	155,431	162,031
Loans, advances and financing														
- Overdrafts	3,999,121	-	839,800	86,826	254,909	-	-	-	-	-	-	-	1,181,535	5,180,656
- Term loans/financing	136,094,976	22,814,320	16,847,351	17,963,014	20,518,269	358,627	4,437,434	175,021	-	159,592	601,758	-	83,875,386	219,970,362
- Bills receivable	92,319	5,178	3,508,417	237,571	2,020,987	1,198	24,371	9,402	391,544	692	10,365	2,950	6,212,675	6,304,994
- Trust receipts	158,721	-	257,462	36,187	1,350,030	-	19,994	1,677	-	1,321	15,059	-	1,681,730	1,840,451
- Claim on customers under acceptance credit	3,048,713	319,695	224	-	984,264	-	-	7,860	2,068	-	4,448	-	1,318,559	4,367,272
- Credit card receivables	5,165,269	1,951,807	37,478	1,502,599	198	-	-	-	-	-	-	-	3,492,082	8,657,351
- Revolving credit	6,473,929	21,556,878	115,024	3,661,197	9,258,901	8,974	868,018	263,570	8,448	72,776	54,858	3,509	35,872,153	42,346,082
- Share margin financing	780,673	18,170	156,948	671,813	-	-	-	-	-	-	-	-	846,931	1,627,604
- Other loans	-	-	892	-	-	-	-	-	-	-	-	-	892	892
Other assets	5,981,807	675,137	533,929	428,851	5,878,047	390,175	20,423	891,377	41,315	285,347	53,616	523,272	9,721,489	15,703,296
	218,116,101	60,876,554	31,384,599	36,566,477	74,401,485	1,170,604	7,378,203	1,953,620	1,311,159	1,561,540	1,394,700	1,671,174	219,661,115	437,777,216

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued):

The Group	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	HKD	EUR	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015														
Financial liabilities														
Deposits from customers	167,526,065	45,637,015	20,133,675	25,192,658	51,380,630	1,256,045	2,405,350	548,707	947,178	820,023	925,519	650,176	149,897,516	317,423,581
Placements from investment accounts	232,716	-	-	-	-	-	-	-	-	-	-	-	-	232,716
Deposits and placements of banks and other financial institutions	5,704,341	1,354,423	1,736,873	2,732,862	8,015,282	773,390	2,005,367	237,025	93,908	346,918	449,819	241,742	17,987,609	23,691,950
Repurchase agreements	5,892,606	621,544	16,658	1,576,806	419,849	-	-	-	-	-	-	-	2,634,857	8,527,463
Financial liabilities designated at fair value	2,885,608	-	1,904,786	162,377	-	-	-	-	-	-	-	-	2,067,163	4,952,771
Derivative financial instruments														
- Trading derivatives	203,439	268,674	469,726	147,535	10,223,218	16,486	8,753	47,036	726	19,390	85,785	42,212	11,329,541	11,532,980
- Hedging derivatives	310,341	1,143	-	10,986	277,497	-	43	-	-	1,044	5,815	-	296,528	606,869
Bills and acceptances payable	623,603	300,464	337,665	58,266	994,565	-	20	7,860	2,068	-	4,448	-	1,705,356	2,328,959
Other liabilities	4,764,643	1,602,380	1,111,136	316,801	3,509,664	403,936	12,641	894,874	25,680	362,559	35,091	542,530	8,817,292	13,581,935
Recourse obligation on loans and financing sold to Cagamas	1,817,816	-	-	-	-	-	-	-	-	-	-	-	-	1,817,816
Other borrowings	3,647,048	1,385,456	-	439,275	3,544,554	-	2,547	-	-	-	-	18,244	5,390,076	9,037,124
Bonds and debentures	500,161	1,407,928	2,793,017	359,637	2,991,394	330,488	-	-	142,337	2,611,478	140,736	-	10,777,015	11,277,176
Subordinated obligations	11,967,883	937,091	789,917	-	-	-	-	-	-	-	-	-	1,727,008	13,694,891
	206,076,270	53,516,118	29,293,453	30,997,203	81,356,653	2,780,345	4,434,721	1,735,502	1,211,897	4,161,412	1,647,213	1,495,444	212,629,961	418,706,231
Financial guarantees	1,939,319	138,039	122,001	2,456,818	7,944,319	240	113,798	11,917	3,730	99,951	38,255	275,475	11,204,543	13,143,862
Credit related commitments and contingencies	55,343,476	4,060,663	1,052,026	2,127,204	9,429,502	4,214	1,104,709	84,046	51,545	370,150	43,136	22,176	18,349,371	73,692,847
	57,282,795	4,198,702	1,174,027	4,584,022	17,373,821	4,454	1,218,507	95,963	55,275	470,101	81,391	297,651	29,553,914	86,836,709

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued):

The Group	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	HKD	EUR	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014														
Financial assets														
Cash and short-term funds	10,714,472	4,304,435	602,247	776,391	13,542,249	444,140	627,948	295,058	621,681	108,498	474,126	951,572	22,748,345	33,462,817
Reverse repurchase agreements	1,576,081	49,447	106,297	950,515	1,995,938	9,997	64,846	-	-	4,196	969	-	3,182,205	4,758,286
Deposits and placements with banks and other financial institutions	2,378,980	434,152	77,729	295	689,905	-	54,636	-	398,826	12,609	-	191,856	1,860,008	4,238,988
Financial assets held for trading														
- Money market instruments	7,656,934	-	-	4,823,979	243,373	1,263	-	-	-	-	13,122	-	5,081,737	12,738,671
- Quoted securities	837,460	1,086,308	723,101	47,689	787,111	4,382	3,276	-	-	306,402	497	1,138,475	4,097,241	4,934,701
- Unquoted securities	1,666,211	-	9,466	406,534	3,726,900	10,361	-	-	283,369	-	27,558	-	4,464,188	6,130,399
Financial investments available-for-sale														
- Money market instruments	3,770,816	-	-	-	276,821	-	111,117	-	-	18,033	-	-	405,971	4,176,787
- Quoted securities	121,428	4,449,590	2,605,631	99	-	-	-	-	-	-	-	-	7,055,320	7,176,748
- Unquoted securities	14,805,998	37,743	4,074	1,751,273	3,806,086	81,546	-	-	353,029	45	92,538	655	6,126,989	20,932,987
Financial investments held-to-maturity														
- Money market instruments	4,674,056	-	-	500,056	280,956	-	-	-	-	-	-	-	781,012	5,455,068
- Quoted securities	-	1,216,596	2,585,289	-	303,192	-	-	-	-	-	-	13,008	4,118,085	4,118,085
- Unquoted securities	7,478,142	-	934	1,209,332	-	-	-	-	-	-	-	-	1,210,266	8,688,408
Derivative financial instruments														
- Trading derivatives	667,924	218,855	812,999	37,819	4,981,826	23,522	8,641	44,585	3,242	24,028	18,726	194,209	6,368,452	7,036,376
- Hedging derivatives	23,426	1,100	1,379	35,449	67,696	-	5,176	-	4,853	3,571	3,733	-	122,957	146,383
Loans, advances and financing														
- Overdrafts	4,111,505	-	805,982	91,122	203,024	-	-	-	-	-	-	-	1,100,128	5,211,633
- Term loans/financing	122,442,069	20,615,582	14,619,326	12,841,613	16,395,894	232,495	2,271,592	143,443	-	160,759	1,186,036	-	68,466,740	190,908,809
- Bills receivable	21,629	19,647	3,316,549	145,301	3,347,837	-	38,050	5,464	1,949,895	2,088	6,597	1,805,449	10,636,877	10,658,506
- Trust receipts	199,007	-	223,808	27,064	730,900	3,561	5,882	2,217	535	-	22,819	2,064	1,018,850	1,217,857
- Claim on customers under acceptance credit	2,925,512	238,407	1,081	16,061	1,155,714	-	-	25,227	-	-	7,322	292	1,444,104	4,369,616
- Credit card receivables	4,751,890	1,457,866	5,449	1,218,682	-	-	-	-	-	-	-	-	2,681,997	7,433,887
- Revolving credit	6,604,521	17,683,714	101,099	2,016,794	9,055,499	52,422	807,031	148,122	-	8,097	936	-	29,873,714	36,478,235
- Share margin financing	801,115	28,761	130,554	775,089	-	-	-	-	-	-	-	-	934,404	1,735,519
- Other loans	-	-	797	-	-	-	-	-	-	-	-	-	797	797
Other assets	3,457,931	566,148	573,368	756,393	2,382,023	454,519	9,115	885,577	2,593	1,021,005	21,855	376,505	7,049,101	10,507,032
	201,687,107	52,408,351	27,307,159	28,427,550	63,972,944	1,318,208	4,007,310	1,549,693	3,618,023	1,669,331	1,876,834	4,674,085	190,829,488	392,516,595

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued):

The Group	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	HKD	EUR	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014														
Financial liabilities														
Deposits from customers	159,432,196	37,547,233	19,517,889	24,907,654	35,261,241	1,084,284	1,236,920	297,084	77,845	265,535	944,507	1,496,399	122,636,591	282,068,787
Deposits and placements of banks and other financial institutions	7,850,158	242,859	818,277	1,775,204	15,752,470	624,061	1,988,503	470,962	1,939,209	10,036	238,470	439,589	24,299,640	32,149,798
Repurchase agreements	2,686,485	-	-	792,289	2,257,065	-	-	-	-	-	-	-	3,049,354	5,735,839
Financial liabilities designated at fair value	2,711,589	-	814,474	164,638	-	-	-	-	-	-	-	-	979,112	3,690,701
Derivative financial instruments														
- Trading derivatives	596,735	212,622	666,771	66,123	5,511,464	23,816	3,778	48,283	285	1,564	16,142	82,700	6,633,548	7,230,283
- Hedging derivatives	155,958	118	-	11,529	305,134	-	540	-	10	1,760	7,462	-	326,553	482,511
Bills and acceptances payable	666,567	236,609	795,577	49,204	1,217,319	-	17	25,227	-	-	7,322	292	2,331,567	2,998,134
Other liabilities	3,222,348	1,980,330	397,129	411,524	1,156,673	479,632	38,701	895,718	644	1,016,425	28,525	380,312	6,785,613	10,007,961
Other borrowings	3,640,942	1,339,811	-	717,042	3,573,829	-	4,897	-	-	8,116	-	6,170	5,649,865	9,290,807
Bonds and debentures	500,121	1,651,576	1,592,604	52,231	1,445,824	288,320	-	-	-	2,135,372	-	-	7,165,927	7,666,048
Subordinated obligations	11,028,242	848,452	705,800	-	-	-	-	-	-	-	-	-	1,554,252	12,582,494
Non-cumulative guaranteed and redeemable preference shares	770,188	-	-	-	-	-	-	-	-	-	-	-	-	770,188
	193,261,529	44,059,610	25,308,521	28,947,438	66,481,019	2,500,113	3,273,356	1,737,274	2,017,993	3,438,808	1,242,428	2,405,462	181,412,022	374,673,551
Financial guarantees	1,758,714	142,867	33,676	2,319,436	3,188,849	624	11,553	1,144	451	81,225	51,054	2,380	5,833,259	7,591,973
Credit related commitments and contingencies	58,093,131	3,524,730	862,244	4,469,994	9,852,076	(145,928)	687,905	116,451	3,126,463	(131,224)	124,952	34,763	22,522,426	80,615,557
	59,851,845	3,667,597	895,920	6,789,430	13,040,925	(145,304)	699,458	117,595	3,126,914	(49,999)	176,006	37,143	28,355,685	88,207,530

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued):

The Company	MYR	IDR	USD	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Financial assets					
Cash and short-term funds	58,853	3	717	720	59,573
Derivative financial instruments					
- Trading derivatives	74	-	-	-	74
Financial investments held-to-maturity					
- Unquoted securities	2,002,540	-	-	-	2,002,540
Other assets	440	-	-	-	440
	2,061,907	3	717	720	2,062,627
Financial liabilities					
Other liabilities	7,196	-	-	-	7,196
Other borrowings	3,852,113	-	820,496	820,496	4,672,609
Subordinated obligations	3,992,277	-	-	-	3,992,277
	7,851,586	-	820,496	820,496	8,672,082
2014					
Financial assets					
Cash and short-term funds	1,863,487	3	584	587	1,864,074
Derivative financial instruments					
- Trading derivatives	478	-	-	-	478
Loans, advances and financing					
- Term loans/financing	40	-	-	-	40
Other assets	13,764	-	-	-	13,764
	1,877,769	3	584	587	1,878,356
Financial liabilities					
Other liabilities	4,061	-	-	-	4,061
Other borrowings	3,636,916	-	668,099	668,099	4,305,015
Subordinated obligations	2,141,402	-	-	-	2,141,402
	5,782,379	-	668,099	668,099	6,450,478

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.2 Market risk (Continued)

56.2.3 Foreign exchange risk (Continued)

(b) Sensitivity of profit and reserves

The table below shows the sensitivity of the Group and the Company's profit and reserves to movement in foreign exchange rates:

	The Group		The Company	
	1% appreciation in foreign currency Increase/(decrease)	1% depreciation in foreign currency Increase/(decrease)	1% appreciation in foreign currency Increase/(decrease)	1% depreciation in foreign currency Increase/(decrease)
	RM'000	RM'000	RM'000	RM'000
2015				
Impact to profit (after tax)	11,623	(11,623)	(6,148)	6,148
Impact to reserves	(26,859)	26,859	-	-
2014				
Impact to profit (after tax)	4,529	(4,529)	(5,006)	5,006
Impact to reserves	(44,862)	44,862	-	-

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

56.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk primarily arises from mismatches in the timing of cash flows.

The objective of the Group 's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Group a large stable funding base.

Liquidity risk management at CIMB is managed on Group basis. The day-to-day responsibility for liquidity risk management and control is delegated to the respective Country Asset Liability Management Committee (Country ALCO) which subsequently report to Group ALCO (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group and each individual entity under the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by the Group is governed by a set of established liquidity risk appetite and thresholds. Limits and Management Action Triggers (MATs) have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Framework is subject to regular review; assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis and complied with internal risk thresholds and regulatory requirements for liquidity risk.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR) which took effect from June 2015 in Malaysia. The purpose of the LCR is to promote short term liquidity risk resilience by ensuring that the Group has sufficient unencumbered high quality liquid assets to meet its liquidity needs for a 30-day combined liquidity crisis scenario. In addition, the Group also performs a consolidated stress test, including liquidity stress test, on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and hair cuts for marketable securities, are documented. The LCR and stress test results are submitted to the Country and Group ALCOs, the Group Risk Committee, and the Board Risk Committees/Board of Directors of the Group. The test results to date have indicated that the Group has sufficient liquidity capacity to meet the liquidity requirements under stated stress test conditions.

56.3.1 Contractual maturity of financial assets and liabilities

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines:

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Assets								
Cash and short-term funds	29,318,830	-	-	-	-	-	-	29,318,830
Reverse repurchase agreements	6,515,369	1,765,772	59,895	4,409	1,088,060	280,607	-	9,714,112
Deposits and placements with banks and other financial institutions	646,251	863,141	182,535	137,555	-	-	-	1,829,482
Financial assets held for trading	4,379,718	5,049,161	3,250,553	824,571	4,048,953	2,448,916	678,394	20,680,266
Financial investments available-for-sale	348,558	510,637	1,176,987	1,569,155	11,509,990	16,117,827	1,534,394	32,767,548
Financial investments held-to-maturity	449,014	698,776	438,282	1,642,746	10,520,363	12,009,988	-	25,759,169
Derivative financial instruments	131,100	966,150	1,207,234	1,331,504	5,773,036	2,299,825	-	11,708,849
Loans, advances and financing	35,035,285	12,647,196	10,989,944	9,277,586	67,960,988	154,384,665	-	290,295,664
Other assets	12,840,875	104,218	182,200	535,286	2,970,791	1,002,135	30,637	17,666,142
Taxation recoverable	70,042	-	-	-	-	-	-	70,042
Deferred tax assets	-	-	-	-	-	-	366,653	366,653
Statutory deposits with central banks	-	-	-	-	-	-	7,699,821	7,699,821
Investment in associates	-	-	-	-	-	-	858,840	858,840
Investment in joint ventures	-	-	-	-	-	-	178,608	178,608
Property, plant and equipment	-	-	-	-	-	-	2,403,016	2,403,016
Investment properties	-	-	-	-	-	-	1,120	1,120
Prepaid lease payment	-	-	-	-	-	-	125,402	125,402
Goodwill	-	-	-	-	-	-	8,297,486	8,297,486
Intangible assets	-	-	-	-	-	-	1,820,593	1,820,593
Non-current assets held for sale	-	-	-	-	-	-	15,500	15,500
Total assets	89,735,042	22,605,051	17,487,630	15,322,812	103,872,181	188,543,963	24,010,464	461,577,143

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.1 Contractual maturity of financial assets and liabilities (Continued)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Liabilities								
Deposits from customers	193,872,601	49,876,972	29,205,840	36,283,805	6,052,034	2,132,329	-	317,423,581
Placements from investment accounts	232,716	-	-	-	-	-	-	232,716
Deposits and placements of banks and other financial institutions	9,805,486	6,856,626	3,968,255	1,977,044	792,601	291,938	-	23,691,950
Repurchase agreements	1,460,206	5,445,360	206,171	607,367	532,632	275,727	-	8,527,463
Derivative financial instruments	231,749	1,094,716	1,189,769	1,415,482	6,352,446	1,855,687	-	12,139,849
Bills and acceptances payable	1,114,965	489,309	646,681	16,071	61,933	-	-	2,328,959
Other liabilities	12,340,110	372,876	3,077	78,591	129,611	445,467	614,949	13,984,681
Recourse obligation on loans and financing sold to Cagamas	8,486	-	-	-	852,225	957,105	-	1,817,816
Deferred tax liabilities	-	-	-	-	-	-	22,260	22,260
Current tax liabilities	213,278	-	-	-	-	-	-	213,278
Financial liabilities designated at fair value	19,689	-	-	-	3,677,725	1,255,357	-	4,952,771
Bonds and debentures	540,201	1,644,321	1,071,842	1,906,039	6,114,773	-	-	11,277,176
Other borrowings	1,255,858	611,337	693,041	584,625	5,892,263	-	-	9,037,124
Subordinated obligations	161,803	-	262,374	1,349,893	10,166,176	1,754,645	-	13,694,891
Total liabilities	221,257,148	66,391,517	37,247,050	44,218,917	40,624,419	8,968,255	637,209	419,344,515
Net liquidity gap	(131,522,106)	(43,786,466)	(19,759,420)	(28,896,105)	63,247,762	179,575,708	23,373,255	42,232,628

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.1 Contractual maturity of financial assets and liabilities (Continued)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Assets								
Cash and short-term funds	33,462,817	-	-	-	-	-	-	33,462,817
Reverse repurchase agreements	2,903,707	1,582,982	26,842	244,755	-	-	-	4,758,286
Deposits and placements with banks and other financial institutions	2,514,799	1,491,346	190,995	26,723	15,125	-	-	4,238,988
Financial assets held for trading	3,737,341	6,334,159	2,726,021	919,954	3,508,916	3,332,845	3,244,535	23,803,771
Financial investments available-for-sale	402,940	578,071	623,461	911,390	12,130,386	15,760,208	1,880,066	32,286,522
Financial investments held-to-maturity	337,142	940,703	547,108	858,680	7,306,970	8,270,958	-	18,261,561
Derivative financial instruments	571,648	561,356	607,511	1,002,258	3,004,463	1,435,523	-	7,182,759
Loans, advances and financing	34,442,968	13,913,804	11,255,225	10,940,006	57,152,212	130,310,644	-	258,014,859
Other assets	9,769,677	23,861	145,059	26,203	1,180,317	1,276,737	89,357	12,511,211
Taxation recoverable	45,483	-	-	-	-	-	-	45,483
Deferred tax assets	-	-	-	-	-	-	272,587	272,587
Statutory deposits with central banks	-	-	-	-	-	-	6,841,165	6,841,165
Investment in associates	-	-	-	-	-	-	844,709	844,709
Investment in joint ventures	-	-	-	-	-	-	241,680	241,680
Property, plant and equipment	-	-	-	-	-	-	1,466,634	1,466,634
Investment properties	-	-	-	-	-	-	4,000	4,000
Prepaid lease payment	-	-	-	-	-	-	136,419	136,419
Goodwill	-	-	-	-	-	-	7,911,160	7,911,160
Intangible assets	-	-	-	-	-	-	1,850,419	1,850,419
Non-current assets held for sale	-	-	-	-	-	-	21,326	21,326
Total assets	88,188,522	25,426,282	16,122,222	14,929,969	84,298,389	160,386,915	24,804,057	414,156,356
Liabilities								
Deposits from customers	192,901,932	34,521,037	22,106,570	21,537,522	8,177,224	2,824,502	-	282,068,787
Deposits and placements of banks and other financial institutions	13,112,076	9,010,592	7,105,554	2,000,109	699,179	222,288	-	32,149,798
Repurchase agreements	505,317	2,528,233	1,788,486	121,515	792,288	-	-	5,735,839
Derivative financial instruments	723,758	538,510	778,333	1,168,267	3,437,349	1,066,577	-	7,712,794
Bills and acceptances payable	1,548,612	864,496	508,678	8,332	68,016	-	-	2,998,134
Other liabilities	9,640,265	200,058	2,230	101,562	20,524	211,179	640,980	10,816,798
Deferred tax liabilities	-	-	-	-	-	-	51,569	51,569
Current tax liabilities	231,276	-	-	-	-	-	-	231,276
Financial liabilities designated at fair value	2,445	1,701	193	-	2,388,423	1,297,939	-	3,690,701
Bonds and debentures	517,067	87,111	1,140,677	394,917	5,526,276	-	-	7,666,048
Other borrowings	929,230	431,845	1,062,760	1,609,522	4,994,955	262,495	-	9,290,807
Subordinated obligations	150,962	-	163,072	1,005,404	5,664,369	5,598,687	-	12,582,494
Non cumulative guaranteed and redeemable preference shares	7,587	-	-	725,935	-	36,666	-	770,188
Total liabilities	220,270,527	48,183,583	34,656,553	28,673,085	31,768,603	11,520,333	692,549	375,765,233
Net liquidity gap	(132,082,005)	(22,757,301)	(18,534,331)	(13,743,116)	52,529,786	148,866,582	24,111,508	38,391,123

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.1 Contractual maturity of financial assets and liabilities (Continued)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Company	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Assets								
Cash and short-term funds	59,573	-	-	-	-	-	-	59,573
Derivative financial instruments	-	-	74	-	-	-	-	74
Financial investments held-to-maturity	-	-	-	-	-	2,002,540	-	2,002,540
Other assets	-	-	-	-	-	-	440	440
Taxation recoverable	35,687	-	-	-	-	-	-	35,687
Investment in subsidiaries	-	-	-	-	-	-	27,400,205	27,400,205
Investment in associates	-	-	-	-	-	-	3,834	3,834
Property, plant and equipment	-	-	-	-	-	-	1,629	1,629
Investment properties	-	-	-	-	-	-	453	453
Non-current assets held for sale	-	-	-	-	-	-	10,925	10,925
Total assets	95,260	-	74	-	-	2,002,540	27,417,486	29,515,360
Liabilities								
Other liabilities	6,702	-	-	-	-	-	494	7,196
Deferred tax liabilities	-	-	-	-	-	-	277	277
Other borrowings	206,476	99,003	651,459	200,000	3,515,671	-	-	4,672,609
Subordinated obligations	-	-	12,277	-	3,980,000	-	-	3,992,277
Total liabilities	213,178	99,003	663,736	200,000	7,495,671	-	771	8,672,359
Net liquidity gap	(117,918)	(99.003)	(663,662)	(200,000)	(7,495,671)	2,002,540	27,416,715	20,843,001
2014								
Assets								
Cash and short-term funds	1,864,074	-	-	-	-	-	-	1,864,074
Derivative financial instruments	-	-	-	-	478	-	-	478
Loans, advances and financing	-	-	-	-	2	38	-	40
Other assets	-	-	-	-	-	-	13,764	13,764
Taxation recoverable	35,757	-	-	-	-	-	-	35,757
Investment in subsidiaries	-	-	-	-	-	-	24,214,072	24,214,072
Investment in associates	-	-	-	-	-	-	3,834	3,834
Property, plant and equipment	-	-	-	-	-	-	2,126	2,126
Investment properties	-	-	-	-	-	-	471	471
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	10,925	10,925
Total assets	1,899,831	-	-	-	480	38	24,245,192	26,145,541
Liabilities								
Other liabilities	4,061	-	-	-	-	-	-	4,061
Deferred tax liabilities	-	-	-	-	-	-	448	448
Other borrowings	4,937	-	1,000,000	1,131,198	2,168,880	-	-	4,305,015
Subordinated obligations	-	-	160,850	552	1,380,000	600,000	-	2,141,402
Total liabilities	8,998	-	1,160,850	1,131,750	3,548,880	600,000	448	6,450,926
Net liquidity gap	1,890,833	-	(1,160,850)	(1,131,750)	(3,548,400)	(599,962)	24,244,744	19,694,615

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis

Non-derivative financial liabilities

The tables below present the cash flows payable by the Group and the Company under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Non-derivative financial liabilities								
Deposits from customers	193,880,606	50,251,387	29,681,108	37,230,867	6,493,154	2,229,487	-	319,766,609
Placements from investment accounts	235,584	3,263	-	-	-	-		238,847
Deposits and placements of banks and other financial institutions	9,816,530	6,872,190	3,988,972	2,006,204	799,073	291,938	-	23,774,907
Repurchase agreements	1,461,627	5,449,346	207,803	611,910	544,051	308,521	-	8,583,258
Bills and acceptances payable	1,114,965	489,488	646,681	16,589	65,049	-	-	2,332,772
Financial liabilities designated at fair value	130,595	23,637	31,990	61,029	4,068,954	1,363,727	-	5,679,932
Other liabilities	11,971,290	374,923	17,382	95,202	338,946	665,377	6,544	13,469,664
Recourse obligation on loans and financing sold to Cagamas	8,486	3,206	30,659	42,450	1,150,549	1,234,544	-	2,469,894
Other borrowings	1,266,192	619,146	717,613	667,333	7,239,011	-	-	10,509,295
Bonds and debentures	546,887	1,608,318	1,010,161	1,500,729	7,309,988	-	-	11,976,083
Subordinated obligations	163,910	39,719	561,867	1,800,263	12,603,948	1,932,580	-	17,102,287
Financial guarantees	10,377,574	-	-	-	-	-	2,311,981	12,689,555
Credit related commitments and contingencies	42,422,731	824,936	2,019,734	1,746,193	3,205,455	18,758,814	318,123	69,295,986
	273,396,477	66,559,559	38,913,970	45,778,769	43,818,718	26,784,988	2,636,648	497,889,098
2014								
Non-derivative financial liabilities								
Deposits from customers	193,867,042	34,783,146	22,410,274	22,041,016	8,722,470	3,131,560	-	284,955,508
Deposits and placements of banks and other financial institutions	13,169,469	9,032,718	7,132,465	2,019,340	699,203	222,288	-	32,275,483
Repurchase agreements	504,812	2,528,738	1,788,486	121,515	792,288	-	-	5,735,839
Bills and acceptances payable	1,548,813	864,708	509,328	8,979	71,312	-	-	3,003,140
Financial liabilities designated at fair value	86,311	3,459	2,459	8,923	2,690,559	2,374,035	-	5,165,746
Other liabilities	9,178,313	201,719	4,770	106,878	75,340	255,510	9,779	9,832,309
Other borrowings	935,562	444,233	1,116,023	1,675,042	5,150,667	262,818	-	9,584,345
Bonds and debentures	549,099	121,040	1,188,461	376,005	5,973,046	-	-	8,207,651
Subordinated obligations	164,303	86,436	419,501	1,375,077	8,596,003	6,496,185	-	17,137,505
Non-cumulative guaranteed and redeemable preference shares	7,587	-	-	725,935	-	36,667	-	770,189
Financial guarantees	4,665,362	-	-	-	-	-	-	4,665,362
Credit related commitments and contingencies	40,591,734	1,121,414	2,038,313	9,134,574	2,208,873	21,427,007	265,381	76,787,296
	265,268,407	49,187,611	36,610,080	37,593,284	34,979,761	34,206,070	275,160	458,120,373

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Group and the Company under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

The Company	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Non-derivative financial liabilities								
Other liabilities	6,702	-	-	-	-	-	494	7,196
Other borrowings	215,536	100,000	670,891	216,440	3,540,076	-	-	4,742,943
Subordinated obligations	-	-	121,251	121,251	4,776,249	-	-	5,018,751
	222,238	100,000	792,142	337,691	8,316,325	-	494	9,768,890
2014								
Non-derivative financial liabilities								
Other liabilities	3,362	-	-	-	-	-	-	3,362
Other borrowings	8,123	12,374	1,053,243	1,192,154	2,259,740	-	-	4,525,634
Subordinated obligations	11,402	-	211,600	50,370	1,731,348	762,003	-	2,766,723
	22,887	12,374	1,264,843	1,242,524	3,991,088	762,003	-	7,295,719

Derivative financial liabilities

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis.

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015							
Derivative financial liabilities							
Trading derivatives							
- Foreign exchange derivatives	(854,920)	-	-	-	-	-	(854,920)
- Interest rate derivatives	(1,632,024)	-	-	-	-	-	(1,632,024)
- Equity related derivatives	(280,183)	-	-	-	-	-	(280,183)
- Commodity related derivatives	(740,724)	-	-	-	-	-	(740,724)
- Credit related contracts	(104,141)	-	-	-	-	-	(104,141)
Hedging derivatives							
- Foreign exchange derivatives	(63)	(228)	-	(17,154)	-	-	(17,445)
- Interest rate derivatives	(21,256)	38,471	(57,406)	(127,489)	(210,043)	650,601	272,878
	(3,633,311)	38,243	(57,406)	(144,643)	(210,043)	650,601	(3,356,559)
2014							
Derivative financial liabilities							
Trading derivatives							
- Foreign exchange derivatives	(175,760)	-	-	-	-	-	(175,760)
- Interest rate derivatives	(1,742,202)	-	-	-	-	-	(1,742,202)
- Equity related derivatives	(999,082)	-	-	-	-	-	(999,082)
- Commodity related derivatives	(1,037,754)	-	-	-	-	-	(1,037,754)
- Credit related contracts	(76,765)	-	-	-	-	-	(76,765)
Hedging derivatives							
- Foreign exchange derivatives	-	(53)	-	-	-	-	(53)
- Interest rate derivatives	(14,193)	(8,221)	(27,143)	(59,061)	(205,698)	(13,690)	(328,006)
	(4,045,756)	(8,274)	(27,143)	(59,061)	(205,698)	(13,690)	(4,359,622)

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The Group's and the Company's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options and cross currency interest rate swaps.

The table below analyses the Group's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives	(7,920,988)	-	-	-	-	-	-	(7,920,988)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(556,854)	(1,376,538)	(922,781)	(2,066,388)	(2,266,701)	(43,862)	-	(7,233,124)
- Inflow	560,940	1,349,155	916,929	2,075,603	1,881,750	47,655	-	6,832,032
	(7,916,902)	(27,383)	(5,852)	9,215	(384,951)	3,793	-	(8,322,080)
2014								
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives	(3,198,720)	-	-	-	-	-	-	(3,198,720)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(1,197,943)	(579,818)	(1,946,362)	(246,840)	(2,063,075)	-	-	(6,034,038)
- Inflow	1,194,077	546,587	1,842,330	254,134	2,003,496	-	-	5,840,624
	(3,202,586)	(33,231)	(104,032)	7,294	(59,579)	-	-	(3,392,134)

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 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.

56.4.1 Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- Any material uncertainty arising from the modeling and market inputs shall be disclosed to the Group Risk Committee;
- Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by 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 methodology. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

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.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	The Group					The Company				
		Fair Value					Fair Value			
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
- Money market instruments	12,111,815	-	12,111,815	-	12,111,815	-	-	-	-	-
- Quoted securities	3,438,321	3,438,321	-	-	3,438,321	-	-	-	-	-
- Unquoted securities	5,130,130	-	4,972,745	157,385	5,130,130	-	-	-	-	-
Financial investments available-for-sale	-									
- Money market instruments	2,768,757	-	2,768,757	-	2,768,757	-	-	-	-	-
- Quoted securities	7,814,428	7,814,428	-	-	7,814,428	-	-	-	-	-
- Unquoted securities	22,184,363	-	20,839,301	1,345,062	22,184,363	-	-	-	-	-
Derivative financial instruments	-									
- Trading derivatives	11,546,818	12,408	11,401,532	132,878	11,546,818	74	-	74	-	74
- Hedging derivatives	162,031	-	162,031	-	162,031	-	-	-	-	-
Total	65,156,663	11,265,157	52,256,181	1,635,325	65,156,663	74	-	74	-	74
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	11,532,980	140,679	11,175,674	216,627	11,532,980	-	-	-	-	-
- Hedging derivatives	606,869	-	606,869	-	606,869	-	-	-	-	-
Financial liabilities designated at fair value	4,952,771	-	4,593,682	359,089	4,952,771	-	-	-	-	-
Total	17,092,620	140,679	16,376,225	575,716	17,092,620	-	-	-	-	-

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

	The Group					The Company				
			Fair Value					Fair Value		
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
- Money market instruments	12,738,671	-	12,738,671	-	12,738,671	-	-	-	-	-
- Quoted securities	4,934,701	4,934,701	-	-	4,934,701	-	-	-	-	-
- Unquoted securities	6,130,399	-	5,997,718	132,681	6,130,399	-	-	-	-	-
Financial investments available-for-sale	-									
- Money market instruments	4,176,787	-	4,176,787	-	4,176,787	-	-	-	-	-
- Quoted securities	7,176,748	7,176,748	-	-	7,176,748	-	-	-	-	-
- Unquoted securities	20,932,987	-	19,400,519	1,532,468	20,932,987	-	-	-	-	-
Derivative financial instruments										
- Trading derivatives	7,036,376	11,023	6,958,498	66,855	7,036,376	478	-	478	-	478
- Hedging derivatives	146,383	-	146,383	-	146,383	-	-	-	-	-
Total	63,273,052	12,122,472	49,418,576	1,732,004	63,273,052	478	-	478	-	478
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	7,230,283	73,002	6,286,315	870,966	7,230,283	-	-	-	-	-
- Hedging derivatives	482,511	-	482,511	-	482,511	-	-	-	-	-
Financial liabilities designated at fair value	3,690,701	-	3,329,965	360,736	3,690,701	-	-	-	-	-
Total	11,403,495	73,002	10,098,791	1,231,702	11,403,495	-	-	-	-	-

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group:

	Financial Assets				Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	
The Group	Unquoted securities	Unquoted securities	Trading derivatives	Total		Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015							
At 1 January	132,681	1,532,468	66,855	1,732,004	(360,736)	(870,966)	(1,231,702)
Total gains/(losses) recognised in statement of income	769	(15,891)	58,126	43,004	(24,856)	765,434	740,578
Total gains recognised in other comprehensive income	-	1,397	-	1,397	-	-	-
Purchases	-	81,289	32,137	113,426	-	(28,853)	(28,853)
New issuances	-	-	-	-	(456)	-	(456)
Sales and redemption	(5,000)	(354,865)	-	(359,865)	-	-	-
Settlements	-	-	(26,307)	(26,307)	26,959	17,039	43,998
Exchange fluctuation	28,935	100,664	2,067	131,666	-	(99,281)	(99,281)
At 31 December	157,385	1,345,062	132,878	1,635,325	(359,089)	(216,627)	(575,716)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December under:							
- net non-interest income	769	(15,402)	58,126	43,493	(10,761)	765,434	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 under "revaluation reserves"	-	1,397	-	1,397	-	-	-
Change in unrealised gains/(losses) recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	2,484	(29,321)	64,645	37,808	(10,761)	(49,501)	(60,262)

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group (Continued):

The Group	Financial Assets: Financial assets held for trading Unquoted securities	Financial Assets: Financial investments available-for-sale Unquoted securities	Financial Assets: Derivative financial instruments Trading derivatives	Financial Assets: Total	Financial Liabilities: Financial liabilities designated at fair value	Financial Liabilities: Derivative financial instruments Trading derivatives	Financial Liabilities: Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014							
At 1 January	73,048	1,278,934	69,193	1,421,175	-	(1,369,505)	(1,369,505)
Total gains/(losses) recognised in statement of income	2,567	(3,044)	(6,170)	(6,647)	60,733	(55,259)	5,474
Total gains recognised in other comprehensive income	-	68,299	-	68,299	-	-	-
Purchases	49,083	235,190	17,314	301,587	-	(1,224)	(1,224)
New issuances	-	18	-	18	(435,872)	-	(435,872)
Sales and redemption	-	(48,347)	-	(48,347)	-	-	-
Settlements	-	-	(13,465)	(13,465)	14,403	606,619	621,022
Transfers out of Level 3 to Level 1	-	(856)	-	(856)	-	-	-
Disposal of subsidiaries	-	(1,192)	-	(1,192)	-	-	-
Exchange fluctuation	7,983	3,466	(17)	11,432	-	(51,597)	(51,597)
At 31 December	132,681	1,532,468	66,855	1,732,004	(360,736)	(870,966)	(1,231,702)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December under:							
- net non-interest income	2,567	(3,044)	(6,170)	(6,647)	73,274	(55,259)	18,015
- interest expense	-	-	-	-	(12,541)	-	(12,541)
Total gains recognised in Other Comprehensive Income for financial year ended 31 December under "revaluation reserves"	-	68,299	-	68,299	-	-	-
Change in unrealised gains/(losses) recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	2,567	(3,082)	10,720	10,205	73,274	(264,271)	(190,997)

During 2014, the transfer out of Level 3 of RM857,000 to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.2 Financial instruments not measured at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group's and the Company's financial assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014, but for which fair value is disclosed:

	The Group					The Company				
		Fair Value					Fair Value			
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Financial assets										
Cash and short-term funds	29,318,830	20,991,336	8,327,494	-	29,318,830	59,573	59,573	-	-	59,573
Reverse repurchase agreements	9,714,112	-	9,726,596	-	9,726,596	-	-	-	-	-
Deposits and placement with banks and other financial institutions	1,829,482	-	1,829,482	-	1,829,482	-	-	-	-	-
Financial investments held-to-maturity	25,759,179	4,336,360	21,365,452	-	25,701,812	2,002,540	-	2,002,540	-	2,002,540
Loans, advances and financing	290,295,664	-	290,295,664	54,139,316	344,434,980	-	-	-	-	-
Other assets	17,666,143	-	17,651,796	-	17,651,796	440	-	440	-	440
Total	374,583,410	25,327,696	349,196,484	54,139,316	428,663,496	2,062,553	59,573	2,002,980	-	2,062,553
Financial liabilities										
Deposits from customers	317,423,580	-	317,364,052	-	317,364,052	-	-	-	-	-
Placements from investment accounts	232,717	-	232,717	-	232,717	-	-	-	-	-
Deposits and placements of banks and other financial institutions	23,691,950	-	23,677,463	-	23,677,463	-	-	-	-	-
Repurchase agreements	8,527,463	-	8,527,463	-	8,527,463	-	-	-	-	-
Bills and acceptances payable	2,328,959	-	2,334,209	-	2,334,209	-	-	-	-	-
Other liabilities	13,984,683	-	13,100,594	-	13,100,594	7,197	-	7,197	-	7,197
Recourse obligation on loans and financing sold to Cagamas	1,817,816	-	1,817,816	-	1,817,816	-	-	-	-	-
Bonds and debentures	11,277,176	-	11,289,053	-	11,289,053	-	-	-	-	-
Other borrowings	9,037,124	-	9,112,112	-	9,112,112	4,672,609	-	4,673,056	-	4,673,056
Subordinated obligations	13,694,891	-	15,983,589	-	15,983,589	3,992,277	-	4,144,195	-	4,144,195
Total	402,016,359	-	403,439,068	-	403,439,068	8,672,083	-	8,824,454	-	8,824,454

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)

The following table analyses within the fair value hierarchy the Group's and the Company's financial assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014, but for which fair value is disclosed (Continued):

	The Group					The Company				
		Fair Value					Fair Value			
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Financial assets										
Cash and short-term funds	33,462,817	26,651,421	6,811,396	-	33,462,817	1,864,074	1,864,074	-	-	1,864,074
Reverse repurchase agreements	4,758,286	-	4,758,286	-	4,758,286	-	-	-	-	-
Deposits and placement with banks and other financial institutions	4,238,988	-	4,238,904	-	4,238,904	-	-	-	-	-
Financial investments held-to-maturity	18,261,560	-	18,176,868	-	18,176,868	-	-	-	-	-
Loans, advances and financing	258,014,857	-	254,779,275	-	254,779,275	40	-	40	-	40
Other assets	12,511,214	-	12,505,728	-	12,505,728	13,762	-	13,762	-	13,762
Total	331,247,722	26,651,421	301,270,457	-	327,921,878	1,877,876	1,864,074	13,802	-	1,877,876
Financial liabilities										
Deposits from customers	282,068,787	-	281,293,605	-	281,293,605	-	-	-	-	-
Deposits and placements of banks and other financial institutions	32,149,798	-	31,976,898	-	31,976,898	-	-	-	-	-
Repurchase agreements	5,735,839	-	5,735,839	-	5,735,839	-	-	-	-	-
Bills and acceptances payable	2,998,134	-	3,001,418	-	3,001,418	-	-	-	-	-
Other liabilities	10,816,798	-	10,816,798	-	10,816,798	4,062	-	4,062	-	4,062
Bonds and debentures	7,666,048	-	7,768,980	-	7,768,980	-	-	-	-	-
Other borrowings	9,290,807	-	9,095,239	-	9,095,239	4,305,015	-	4,303,420	-	4,303,420
Subordinated obligations	12,582,494	-	12,968,607	-	12,968,607	2,141,402	-	2,325,066	-	2,325,066
Non-cumulative guaranteed and redeemable preference shares	770,188	-	770,189	-	770,189	-	-	-	-	-
Total	364,078,893	-	363,427,573	-	363,427,573	6,450,479	-	6,632,548	-	6,632,548

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds, placements with financial institutions and reverse repurchase agreements with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

Amount due (to)/from subsidiaries and related companies

The estimated fair values of the amount due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Placements from investment accounts

The estimated fair value of placements from investment accounts with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Other borrowings

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

Subordinated notes

The fair values for the quoted subordinated notes are obtained from quoted market prices while the fair values for unquoted subordinated notes are estimated based on discounted cash flow models.

Redeemable preference shares

The estimated fair value of redeemable preference shares (“RPS”) approximates the carrying value based on Directors’ estimate as the effective interest rate of the RPS is a reflection of the current rate for such similar instrument.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3)

Certain credit derivatives products where market rate inputs are unobservable are valued using simulation approach comprising statistical models that interact with each other. These models describe the default process and other market random variables like interest rates and foreign currency ("FX") rates in a mathematically and theoretically consistent framework. These statistical models are the usual market standard when it comes to modeling rates, FX and credit.

Credit derivatives inputs include:

- Observable credit default swap ("CDS") spreads
- Loss given default or loss severity
- Credit correlation between the underlying debt instruments (models are structured on a transaction basis and calibrated to liquid benchmark indices)
- Correlation between Credit and FX
- Credit spread and FX volatility
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit correlation -
  (1) Long correlation positions will be shocked with lower correlation
  (2) Short correlation positions will be shocked with higher correlation

- Credit and FX correlation -
  (1) Short Quanto CDS position shocked with larger negative correlation
  (2) Long Quanto CDS position shocked with larger positive correlation

- FX Volatility -
  (1) Long volatility shocked with lower volatility
  (2) Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions.

The fair values of structured deposits are typically valued using valuation techniques that incorporate observable market inputs. Certain foreign currency structured deposits are fair valued using Level 3 inputs as the foreign currency deposit rates of the relevant tenures are not observable.

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)

(a) Financial instruments carried at fair value

The Group	Fair value Assets	Fair value (Liabilities)	Valuation technique(s)	Unobservable input	Range (Weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
Description	**RM'000**	**RM'000**				
2015						
Derivative financial instruments						
- Trading derivatives						
Credit derivatives	18,346	(20,008)	Discounted Cash Flow, Stochastic Default and Foreign Currency Correlation Model	Credit/FX correlation	-60% to +7%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement
Equity derivatives	114,532	(196,619)	Option pricing	Equity Volatility	6.31% to 94.46%	Higher volatility results in higher/lower fair value depending on the net long/short positions
Financial assets held for trading						
Unquoted shares and private equity funds	157,385	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments available-for-sale						
Unquoted shares and private equity funds	1,345,007	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial liabilities designated at fair value						
Credit linked structured deposits	Not applicable	(359,089)	Discounted cash flow	Internal deposit rates	0.47% to 3.47%	Higher internal deposit rates results in decrease in fair value measurement

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)

(a) Financial instruments carried at fair value (Continued)

The Group Description	Fair value Assets RM'000	Fair value (Liabilities) RM'000	Valuation technique(s)	Unobservable input	Range (Weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
2014						
Derivative financial instruments						
- Trading derivatives						
Credit derivatives	18,400	(24,109)	Discounted Cash Flow, Stochastic Default and Foreign Currency Correlation Model	Credit/FX correlation	-60% to -10%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement
Equity derivatives	48,455	(846,857)	Option pricing	Equity Volatility	9.59% to 151.98%	Higher volatility results in higher/lower fair value depending on the net long/short positions
Financial assets held for trading						
Unquoted shares and private equity funds	132,681	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments available-for-sale						
Unquoted shares and private equity funds	1,532,468	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial liabilities designated at fair value						
Credit linked structured deposits	Not applicable	(360,736)	Discounted cash flow	Internal deposit rates	0.58% to 4.74%	Higher internal deposit rates results in decrease in fair value measurement

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

56.4 Fair value estimation (Continued)

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)

(a) Financial instruments carried at fair value (Continued)

Sensitivity analysis for level 3

	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to: Profit or loss Favourable changes	Unfavourable changes
		RM'000	RM'000
2015			
Derivative financial instruments - trading			
- Credit derivatives	+10%	18	-
	-10%	-	(19)
- Equity derivatives	+25%	-	(19)
	-25%	18	-
Financial liabilities designated at fair value			
- Credit linked structured deposits	+1%	2,945	-
	-1%	-	(2,945)
Total		2,981	(2,983)
2014			
Derivative financial instruments - trading			
- Credit derivatives	+10%	38	-
	-10%	-	(33)
- Equity derivatives	+25%	-	(438)
	-25%	397	-
Financial liabilities designated at fair value			
- Credit linked structured deposits	+1%	14,589	-
	-1%	-	(14,589)
Total		15,024	(15,060)

57 THE OPERATIONS OF ISLAMIC BANKING

Statement of Financial Position as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
Assets			
Cash and short-term funds	(a)	8,046,054	6,549,105
Deposits and placements with banks and other financial institutions	(b)	507,849	742,096
Financial assets held for trading	(c)	2,945,220	3,723,913
Islamic derivative financial instruments	(d)(i)	496,564	286,468
Financial investments available-for-sale	(e)	2,337,791	2,398,454
Financial investments held-to-maturity	(f)	2,264,868	1,165,553
Financing, advances and other financing/loans	(g)	47,235,376	40,600,338
Deferred tax assets	(h)	30,541	21,518
Amount due from conventional operations		4,371,874	3,824,466
Statutory deposits with Bank Negara Malaysia	(i)	1,257,178	1,297,654
Property, plant and equipment	(j)	15,570	13,169
Other assets	(k)	972,518	454,723
Goodwill	(l)	136,000	136,000
Intangible assets	(m)	83,957	91,937
Total assets		70,701,360	61,305,394
Liabilities			
Deposits from customers	(n)	49,331,189	44,345,984
Placements from investment accounts	(o)	3,133,698	-
Deposits and placements of banks and other financial institutions	(p)	3,596,306	5,812,183
Islamic derivative financial instruments	(d)(i)	594,474	340,823
Recourse obligation on loans and financing sold to Cagamas		502,368	-
Amount due to conventional operations		1,202,273	623,717
Provision for taxation and Zakat	(q)	39,017	26,805
Other liabilities	(r)	5,413,779	3,977,161
Financial liabilities designated at fair value	(s)	199,063	149,835
Other borrowings	(t)	17,125	-
Subordinated Sukuk	(u)	856,983	856,026
Total liabilities		64,886,275	56,132,534
Equity			
Islamic banking funds		55,250	55,250
Ordinary share capital	(v)	1,000,000	1,000,000
Perpetual preference shares	(v)	220,000	220,000
Reserves	(w)	4,528,937	3,887,440
		5,804,187	5,162,690
Non-controlling interests		10,898	10,170
Total equity		5,815,085	5,172,860
Total equity and liabilities		70,701,360	61,305,394
Commitments and contingencies	(d)(ii)	30,531,910	29,032,526

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statement of Income for the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Income derived from investment of depositors' funds and others	(x)	2,629,862	2,336,341
Net income derived from investment of shareholders' funds	(y)	450,201	337,853
Allowance made for impairment losses on financing, advances and other financing/loans	(z)	(149,273)	(159,762)
Allowance (made)/written back for impairment losses on other receivables		(98)	280
Total distributable income		2,930,692	2,514,712
Income attributable to depositors	(aa)	(1,511,046)	(1,212,916)
Total net income		1,419,646	1,301,796
Personnel expenses	(ab)	(101,620)	(98,178)
Other overheads and expenditures	(ac)	(477,789)	(452,109)
Profit before allowances		840,237	751,509
Allowance written back for impairment losses		-	124
Profit before taxation		840,237	751,633
Taxation	(ad)	(184,460)	(170,205)
Profit after taxation		655,777	581,428
Profit attributable to:			
Owners of the Parent		655,083	580,829
Non-controlling interests		694	599
		655,777	581,428

Statement of Comprehensive Income for the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Net profit after taxation	655,777	581,428
Other comprehensive income:		
Revaluation reserve-financial investments available-for-sale	(24,697)	16,078
- Net (loss)/gain from change in fair value	(23,249)	22,424
- Realised gain transferred to statement of income on disposal and impairment	(4,066)	(6,637)
- Income tax effects	2,618	291
Exchange fluctuation reserve	11,271	4,729
Other comprehensive income, net of tax	(13,426)	20,807
Total comprehensive income for the financial year	642,351	602,235
Total comprehensive income attributable to:		
Owners of the Parent	642,317	602,095
Non-controlling interests	34	140
	642,351	602,235
Income from Islamic Banking operations:		
Total net income	1,419,646	1,301,796
Add: Allowance made for impairment losses on financing, advances and other financing/loans	149,273	159,762
Add: Allowance (written back)/made for impairment losses on other receivables	98	(280)
	1,569,017	1,461,278

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statements of changes in equity for the financial year ended 31 December 2015

	Share capital	Perpetual preference shares	Islamic Banking funds	Statutory reserve	Revaluation reserve-financial investments available-for-sale	Exchange fluctuation reserve	Regulatory reserve	Share-based payment	Retained earnings	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015												
At 1 January 2015	1,000,000	220,000	55,250	860,851	2,140	2,509	-	674	3,021,266	5,162,690	10,170	5,172,860
Net profit for the financial year	-	-	-	-	-	-	-	-	655,083	655,083	694	655,777
Other comprehensive income (net of tax)	-	-	-	-	(24,696)	11,237	-	-	-	(13,459)	34	(13,425)
Financial investments available-for-sale	-	-	-	-	(24,696)	-	-	-	-	(24,696)	-	(24,696)
Currency translation difference	-	-	-	-	-	11,237	-	-	-	11,237	34	11,271
Total comprehensive income for the financial year	-	-	-	-	(24,696)	11,237	-	-	655,083	641,624	728	642,352
Share-based payment expense	-	-	-	-	-	-	-	603	-	603	-	603
Transfer to statutory reserve	-	-	-	101,004	-	-	-	-	(101,004)	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	60,957	-	(60,957)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(730)	-	(730)	-	(730)
At 31 December 2015	1,000,000	220,000	55,250	961,855	(22,556)	13,746	60,957	547	3,514,388	5,804,187	10,898	5,815,085

	Share capital	Perpetual preference shares	Islamic Banking funds	Statutory reserve	Revaluation reserve-financial investments available-for-sale	Exchange fluctuation reserve	Regulatory reserve	Share-based payment	Retained earnings	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014												
At 1 January 2014	1,000,000	70,000	55,250	763,015	(13,940)	(2,080)	230,088	606	2,308,185	4,411,124	9,431	4,420,555
Net profit for the financial year	-	-	-	-	-	-	-	-	580,829	580,829	599	581,428
Other comprehensive income (net of tax)	-	-	-	-	16,080	4,589	-	-	-	20,669	140	20,809
Financial investments available-for-sale	-	-	-	-	16,080	-	-	-	-	16,080	-	16,080
Currency translation difference	-	-	-	-	-	4,589	-	-	-	4,589	140	4,729
Total comprehensive income for the financial year	-	-	-	-	16,080	4,589	-	-	580,829	601,498	739	602,237
Share-based payment expense	-	-	-	-	-	-	-	687	-	687	-	687
Transfer to statutory reserve	-	-	-	97,836	-	-	-	-	(97,836)	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	(230,088)	-	230,088	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(619)	-	(619)	-	(619)
Issue of share capital during the financial year	-	150,000	-	-	-	-	-	-	-	150,000	-	150,000
At 31 December 2014	1,000,000	220,000	55,250	860,851	2,140	2,509	-	674	3,021,266	5,162,690	10,170	5,172,860

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statements of Cash Flows for the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Operating activities		
Profit before taxation	840,237	751,633
Adjustments for:		
Depreciation of property, plant and equipment	5,286	4,789
Written off property, plant and equipment	482	186
Amortisation of intangible assets	10,686	10,423
Net unrealised (gain)/loss on revaluation of financial assets held for trading	(5,962)	299
Net unrealised loss on derivatives	5,590	12,553
Accretion of discount less amortisation of premium	(156,701)	(92,319)
Net gain from sale of financial investments available-for-sale	(4,067)	(6,637)
Profit income from financial investments held-to-maturity	(72,455)	(54,874)
Profit income from financial investments available-for-sale	(89,115)	(70,616)
Profit expense on Subordinated Sukuk	41,059	39,032
Share-based payment expense	603	687
Net loss from foreign exchange transactions	95,812	60,868
Net loss/(gain) from hedging derivatives	609	(231)
Impairment losses on securities	-	3,538
Allowance made/(written back) for impairment losses on other receivables	98	(280)
Allowance for impairment losses on financing, advances and other financing/loans	190,629	204,239
	862,791	863,290
(Increase)/decrease in operating assets		
Reverse repurchase agreements	-	18,645
Deposits and placements with banks and other financial institutions	234,247	(11,681)
Financial assets held for trading	879,226	(303,750)
Islamic derivative financial instruments	37,965	18,243
Financing, advances and other financing/loans	(6,831,005)	(2,966,611)
Statutory deposits with Bank Negara Malaysia	40,476	139,093
Other assets	(519,442)	135,220
Amount due from conventional operations	(583,436)	(463,845)
	(6,741,969)	(3,434,686)
Increase/(decrease) in operating liabilities		
Deposits from customers	4,985,205	3,159,843
Deposits and placements of banks and other financial institutions	(2,215,877)	(1,483,846)
Other liabilities	1,313,379	(264,805)
Financial liabilities designated at fair value	49,228	3,619
Amount due to conventional operations	579,570	(163,579)
Placement from investment accounts	3,133,698	-
	7,845,203	1,251,232
Cash flows generated from/(used in) operations	1,966,025	(1,320,164)
Taxation paid	(141,977)	(128,516)
Net cash flows generated from/(used in) operating activities	1,824,048	(1,448,680)

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statements of Cash Flows for the financial year ended 31 December 2015 (Continued)

	Note	2015 RM'000	2014 RM'000
Investing activities			
Net proceeds/(purchase) of financial investments available-for-sale		74,354	(609,355)
Purchase of property, plant and equipment		(7,936)	(9,281)
Purchase of intangible assets		(2,534)	(87,558)
Net purchase of financial investments held-to-maturity		(1,080,200)	(124,780)
Profit income from financial investments held-to-maturity		53,340	55,125
Profit income from financial investments available-for-sale		113,697	85,333
Reclassified to intangible assets		73	892
Net cash flows used in from investing activities		(849,206)	(689,624)
Financing activities			
Recourse obligation on loans and financing sold to Cagamas		502,368	-
Other borrowing		17,125	-
Profit expense on subordinated Sukuk		(13,689)	(39,031)
Acquisition of remaining interest in subsidiary		-	(514)
Issuance of share capital		-	150,000
Net cash flows generated from financing activities		505,804	110,455
Net increase/(decrease) in cash and cash equivalents		1,480,646	(2,027,849)
Cash and cash equivalents at beginning of financial year		6,549,105	8,558,114
Effect of exchange rate changes		16,303	18,840
Cash and cash equivalents at end of financial year		8,046,054	6,549,105
Cash and cash equivalents comprise:			
Cash and short-term funds	(a)	8,046,054	6,549,105

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

		2015	2014
		RM'000	RM'000
(a)	**Cash and short-term funds**		
	Cash and balances with banks and other financial institutions	2,120,886	1,064,786
	Money at call and deposit placements maturing within one month	5,925,168	5,484,319
		8,046,054	6,549,105
(b)	**Deposits and placements with banks and other financial institutions**		
	Licensed banks	465,625	742,096
	Other financial institutions	42,224	-
		507,849	742,096
(c)	**Financial assets held for trading**		
	Money market instruments:		
	Unquoted:		
	Government Investment Issues	123,405	12,885
	Malaysian Government treasury bills	14,861	14,826
	Bank Negara Malaysia monetary notes	19,918	2,235,537
	Other Government securities	4,718	-
	Islamic negotiable instruments of deposits	2,230,491	992,580
		2,393,393	3,255,828
	Quoted securities:		
	Outside Malaysia		
	Private debt securities	26	23
	Sukuk	211,175	158,431
		211,201	158,454
	Unquoted securities:		
	In Malaysia		
	Private debt securities	233,977	210,789
	Outside Malaysia		
	Islamic debt securities	106,649	98,842
		340,626	309,631
		2,945,220	3,723,913

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) 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 statements of financial position date, and do not represent amounts at risk. In the financial statements, 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.

	31 December 2015		
	Principal	Asset	Liability
	RM'000	RM'000	RM'000
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	2,328,559	171,560	(97,704)
- Up to 1 year	1,661,505	73,528	(8,554)
- More than 1 year to 3 years	11,748	504	(504)
- More than 3 years	655,306	97,528	(88,646)
Currency swaps	4,750,561	86,890	(143,226)
- Up to 1 year	4,725,222	83,595	(139,931)
- More than 3 years	25,339	3,295	(3,295)
Currency spots	8,761	38	(3)
- Up to 1 year	8,761	38	(3)
Currency options	12,206	19	(19)
- Up to 1 year	12,206	19	(19)
Cross currency profit rate swaps	1,510,651	169,734	(165,935)
- More than 3 years	1,510,651	169,734	(165,935)
Profit rate derivatives			
Islamic profit rate swaps	9,050,103	51,650	(44,108)
- Up to 1 year	460,001	215	(192)
- More than 1 year to 3 years	5,817,899	21,617	(22,804)
- More than 3 years	2,772,203	29,818	(21,112)
Equity derivatives			
Equity options	774,164	6,012	(6,012)
- More than 1 year to 3 years	404,324	2,971	(2,971)
- More than 3 years	369,840	3,041	(3,041)
Credit related contracts			
Total return swaps	394,120	8,221	(8,934)
- More than 3 years	394,120	8,221	(8,934)
Hedging derivatives			
Islamic profit rate swaps	4,175,219	2,440	(128,533)
- Less than 1 year	280,407	2,440	-
- More than 1 year to 3 years	600,000	-	(5,021)
- More than 3 years	3,294,812	-	(123,512)
Total derivative assets/(liabilities)	23,004,344	496,564	(594,474)

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) Islamic derivative financial instruments, commitments and contingencies (Continued)

(i) Islamic derivative financial instruments (Continued)

	31 December 2014		
	Principal	Asset	Liability
	RM'000	RM'000	RM'000
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	919,232	42,422	(22,544)
- Up to 1 year	258,448	11,082	(41)
- More than 1 year to 3 years	5,478	172	(74)
- More than 3 years	655,306	31,168	(22,429)
Currency swaps	2,797,655	37,612	(38,700)
- Up to 1 year	2,797,655	37,612	(38,700)
Currency spots	21,488	10	(12)
- Up to 1 year	21,488	10	(12)
Cross currency profit rate swaps	1,050,230	70,333	(69,932)
- Up to 1 year	308,785	9,282	(9,250)
- More than 3 years	741,445	61,051	(60,682)
Profit rate derivatives			
Islamic profit rate swaps	10,004,743	92,255	(78,193)
- Up to 1 year	857,751	342	(524)
- More than 1 year to 3 years	3,592,678	19,290	(18,593)
- More than 3 years	5,554,314	72,623	(59,076)
Equity derivatives			
Equity options	847,556	13,611	(13,611)
- Up to 1 year	103,011	2,621	(2,621)
- More than 1 year to 3 years	100,070	4,265	(4,265)
- More than 3 years	644,475	6,725	(6,725)
Credit related contracts			
Total return swaps	113,800	752	(752)
- More than 3 years	113,800	752	(752)
Hedging derivatives			
Islamic profit rate swaps	6,916,136	29,473	(117,079)
- More than 1 year to 3 years	550,000	808	(5,233)
- More than 3 years	6,366,136	28,665	(111,846)
Total derivative assets/(liabilities)	22,670,840	286,468	(340,823)

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) Islamic derivative financial instruments, commitments and contingencies (Continued)

(ii) Commitments and contingencies

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

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

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

	2015 Principal RM'000	2014 Principal RM'000
Credit related		
Direct credit substitutes	173,278	129,163
Certain transaction-related contingent items	522,411	366,786
Short-term self-liquidating trade-related contingencies	148,476	76,602
Irrevocable commitments to extend credit:		
- Maturity less than one year	4,069,440	3,408,649
- Maturity exceeding one year	2,463,321	2,325,983
Miscellaneous commitments and contingencies:		
- Shariah-compliant equity option	150,640	54,503
Total credit-related commitments and contingencies	7,527,566	6,361,686
Total treasury-related commitments and contingencies (Note 57(d)(i))	23,004,344	22,670,840
Total commitments and contingencies	30,531,910	29,032,526

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financial investments available-for-sale

	2015 RM'000	2014 RM'000
Money market instruments:		
Unquoted:		
Government Investment Issues	229,054	315,897
Islamic Cagamas bonds	23,671	8,504
Malaysian Government Securities	44,168	19,750
Khazanah bonds	20,189	70,214
Other Government securities	41,195	-
	358,277	414,365
Unquoted securities:		
In Malaysia		
Private debt securities	1,559,569	1,553,324
Placements with Islamic Banking and Finance Institute Malaysia	575	575
Bonds	53,145	47,261
Outside Malaysia		
Private debt securities	324,520	330,943
Private equity funds	46,364	55,781
	1,984,173	1,987,884
	2,342,450	2,402,249
Allowance for impairment losses:		
Private equity funds	(4,659)	(3,795)
	2,337,791	2,398,454

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) Financial investments held-to-maturity

	2015 RM'000	2014 RM'000
Money market instruments		
Unquoted:		
Government Investment Issue	433,885	7,569
Khazanah bonds	12,662	12,662
Cagamas notes	30,724	-
	477,271	20,231
Quoted securities:		
Outside Malaysia		
Islamic bonds	209,060	122,726
Bank Indonesia Certificates	161,923	88,843
	370,983	211,569
In Malaysia		
Private debt securities	1,186,380	600,386
Outside Malaysia		
Private debt securities	229,432	333,062
	1,415,812	933,448
Amortisation of premium less accretion of discount	880	375
Less: Allowance for impairment loss	(78)	(70)
	2,264,868	1,165,553

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) Financial investments held-to-maturity (Continued)

In 2015, CIMB Islamic Bank reclassified previously held financial investments available-for-sale to financial investments held-to-maturity. Given the long term nature of the holdings, the bonds were reclassified from financial investments available-for-sale to financial investments held-to-maturity as part of the CIMB Islamic Bank's Asset Liability Management. It reflects CIMB Islamic Bank's positive intent and ability to hold them until maturity. The bonds were transferred at the prevailing mark-to-market prices.

The fair value and the carrying amount of the financial investments and the fair value loss in revaluation reserve-financial investments available-for-sale at the date of reclassification are RM470,280,000 and RM491,220,000 and RM20,939,000 respectively. The fair value and carrying amount of the financial investments as at 31 December 2015 are RM470,729,000 and RM470,611,000 respectively. The fair value gains that would have been recognised in other comprehensive income if the financial investments had not been reclassified is RM449,000.

As at 31 December 2015, the remaining unamortised fair value loss in revaluation reserve-financial investments available-for-sale amounting to RM20,470,000.

(g) Financing, advances and other financing/loans

(i) By type and Shariah contract

	The Group					
	Bai'	Ijarah	Musharakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Cash line^	584,930	-	-	17,114	-	602,044
Term financing						
House Financing	9,971,879	1,385,143	-	-	-	11,357,022
Syndicated Financing	2,084,525	160,701	-	-	29,919	2,275,145
Hire purchase receivables	821,861	4,306,661	-	-	-	5,128,522
Other term financing	21,264,688	58,232	-	-	3,288,620	24,611,540
Bills receivable	3,373	-	-	153	-	3,526
Trust receipts	26,106	-	-	-	94,073	120,179
Claims on customers under acceptance credits	445,038	-	-	-	-	445,038
Staff financing	-	-	-	-	2	2
Revolving credits	2,168,995	-	-	-	509,243	2,678,238
Credit card receivables	-	-	-	-	180,628	180,628
Share margin financing	4,100	-	96,520	-	30,063	130,683
Ar Rahnu	-	-	-	-	1,065	1,065
Other financing	-	18,303	-	-	10,247	28,550
Gross financing, advances and other financing/loans	37,375,495	5,929,040	96,520	17,267	4,143,860	47,562,182
Fair value changes arising from fair value hedge						110,491
						47,672,673
Less: Allowance for impairment losses						
- Individual impairment allowance						(79,321)
- Portfolio impairment allowance						(357,976)
						(437,297)
Net financing, advances and other financing/loans						47,235,376

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract (Continued)

	The Group					
	Bai'	Ijarah	Musharakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014						
Cash line^	554,680	-	-	10,277	-	564,957
Term financing						
House Financing	9,206,917	992,267	-	-	-	10,199,184
Syndicated Financing	365,825	211,243	-	-	51,796	628,864
Hire purchase receivables	690,273	5,298,240	-	-	-	5,988,513
Other term financing	18,460,187	56,820	-	-	1,559,574	20,076,581
Bills receivable	2,939	-	-	-	-	2,939
Trust receipts	19,168	-	-	-	76,273	95,441
Claims on customers under acceptance credits	392,033	-	-	-	-	392,033
Staff financing	-	-	-	-	2	2
Revolving credits	2,507,687	-	-	-	288,107	2,795,794
Credit card receivables	-	-	-	-	140,705	140,705
Share margin financing	9,453	-	29,421	-	53,053	91,927
Ar Rahnu	-	-	-	-	2,348	2,348
Other financing	-	13,256	-	-	13,562	26,818
Gross financing, advances and other financing/loans	32,209,162	6,571,826	29,421	10,277	2,185,420	41,006,106
Fair value changes arising from fair value hedge						57,272
						41,063,378
Less: Allowance for impairment losses						
- Individual impairment allowance						(88,336)
- Portfolio impairment allowance						(374,704)
						(463,040)
Net financing, advances and other financing/loans						40,600,338

^ Includes current account in excess

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract (Continued)

Bai' contracts

- Murabahah
  A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' al-'inah
  A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Tawarruq
  Arrangement that involves a purchase of an asset/commodity based on musawamah or murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' Bithaman Ajil
  A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Bai' al-Dayn
  A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

Ijarah contracts

- Ijarah
  Contract of lease ending with transfer of ownership from the lessor to the lessee either in the form of gift or sale transaction based on agreed terms and conditions. There are two contracts in this arrangement. The first contract is ijarah where the lessee enjoys the usufruct of the assets at an agreed rental during an agreed period while the ownership remains with the lessor. The second contract is to transfer the ownership of the assets which may takes place at the end of the ijarah tenure or at any point of time during the tenure subject to the agreed terms and conditions between the contracting parties. Income is recognised on effective profit rate basis over the lease term.

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

(a) 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 and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

    As at 31 December 2015, the gross exposures to RPSIA financing is RM2,733 million (2014: RM2,099 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM5.4 million (2014: RM6.4 million) is recognised in the Financial Statements of CIMB Bank. There was no individual impairment provided on this RPSIA financing.

(b) During the financial year, the Group has undertaken fair value hedges on RM3,575 million (2014: RM6,350 million) financing using Islamic profit rate swaps.

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract (Continued)

Qard (Continued)

(c) Movement of Qard financing

	2015 RM'000	2014 RM'000
At 1 January	10,277	2,006
New disbursement	13,522	10,068
Repayment	(6,532)	(1,797)
At 31 December	17,267	10,277
Sources and uses of Qard Financing		
Sources of Qard fund:		
Depositors fund	16,122	9,665
Shareholders fund	1,145	612
	17,267	10,277
Uses of Qard fund:		
Personal use	337	1,156
Business use	16,930	9,121
	17,267	10,277

(ii) By type of customers

	2015 RM'000	2014 RM'000
Domestic banking institutions	10,247	13,562
Domestic non-bank financial institutions	1,657,505	1,744,023
Domestic business enterprises		
- Small medium enterprises	7,248,550	5,845,316
- Others	4,351,014	2,968,278
Government and statutory bodies	6,777,740	6,773,484
Individuals	22,789,337	21,030,699
Other domestic entities	85,076	527,055
Foreign entities	4,642,713	2,103,689
	47,562,182	41,006,106

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(iii) By profit sensitivity:

	2015 RM'000	2014 RM'000
Fixed rate		
- House financing	479,815	468,613
- Hire purchase receivables	5,128,523	5,988,513
- Other fixed rate financing	12,470,135	12,206,427
Variable rate		
- House financing	10,877,207	9,730,571
- Others	18,606,502	12,611,982
	47,562,182	41,006,106

(iv) By economic purposes:

	2015 RM'000	2014 RM'000
Personal use	2,709,500	2,924,849
Credit card	180,628	140,705
Purchase of consumer durables	21,113	21,809
Construction	1,509,395	1,698,290
Residential property	11,612,929	10,337,476
Non-residential property	3,808,146	3,573,649
Purchase of fixed assets other than land and building	478,951	444,385
Purchase of securities	2,254,002	584,113
Purchase of transport vehicles	5,393,199	6,040,111
Working capital	10,712,723	9,873,268
Other purpose	8,881,596	5,367,451
	47,562,182	41,006,106

(v) By geographical distribution:

	2015 RM'000	2014 RM'000
Malaysia	40,805,184	36,781,908
Indonesia	2,328,448	1,866,915
Singapore	3,183,243	1,633,620
Other countries	1,245,307	723,663
	47,562,182	41,006,106

(vi) By residual contractual maturity:

	2015 RM'000	2014 RM'000
Within one year	5,069,083	4,208,888
One year to less than three years	6,075,526	3,650,787
Three years to less than five years	9,179,583	7,928,930
Five years and more	27,237,990	25,217,501
	47,562,182	41,006,106

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(vii) Impaired financing, advances and other financing/loans by economic purposes:

	2015 RM'000	2014 RM'000
Personal use	27,423	31,233
Credit cards	5,148	3,695
Residential property	107,040	106,021
Non-residential property	40,038	33,429
Purchase of fixed assets other than land and building	379	883
Construction	40,150	46,896
Purchase of securities	988	200
Purchase of transport vehicles	113,281	145,627
Working capital	94,751	132,431
Other purpose	37,340	39,505
	466,538	539,920

(viii) Impaired financing, advances and other financing/loans by geographical distribution:

	2015 RM'000	2014 RM'000
Malaysia	424,382	457,860
Indonesia	42,156	82,060
	466,538	539,920

(ix) Movements in impaired financing, advances and other financing/loans:

	2015 RM'000	2014 RM'000
At 1 January	539,920	375,428
Classified as impaired during the financial year	561,268	859,063
Reclassified as not impaired during the financial year	(312,552)	(375,431)
Amount recovered	(103,317)	(103,631)
Amount written off	(213,337)	(182,722)
Amount transferred to conventional operations	-	(38,104)
Exchange fluctuation	(5,444)	5,317
At 31 December	466,538	539,920
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	0.98%	1.32%

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

(x) Movements in allowance for impaired financing, advances and other financing/loans:

	2015 RM'000	2014 RM'000
Individual impairment allowance		
At 1 January	88,336	48,093
Net allowance (written back)/made during the financial year	(11,810)	53,064
Amount written off	(981)	(9,105)
Amount transferred to conventional operations	-	(5,216)
Exchange fluctuation	3,776	1,500
At 31 December	79,321	88,336
Portfolio impairment allowance		
At 1 January	374,704	414,807
Net allowance made during the financial year	199,278	154,030
Amount written off	(212,336)	(173,618)
Allowance transferred from conventional operations	-	-
Exchange fluctuation	(3,670)	(20,515)
At 31 December	357,976	374,704
Portfolio impairment allowance as % of gross financing, advances and other financing/ loans (excluding RPSIA financing) less individual impairment allowance	1.10%	1.16%

(h) Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	2015 RM'000	2014 RM'000
Deferred tax assets	30,939	22,932
Deferred tax liabilities	(398)	(1,414)
	30,541	21,518

Further breakdown are as follows:

	2015 RM'000	2014 RM'000
Portfolio impairment allowance for bad and doubtful financing	-	118
Accelerated tax depreciation	(1,091)	(2,107)
Revaluation reserve financial investments available-for-sale	9,053	6,435
Other temporary differences	22,579	17,072
Deferred tax assets	30,541	21,518

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(h) Deferred taxation (Continued)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	Note	Portfolio impairment allowance/ general allowance for bad and doubtful financing	Accelerated tax depreciation	Financial investment available-for-sale	Other temporary differences	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/ (liabilities)						
2015						
At 1 January		118	(2,107)	6,435	17,072	21,518
Credited/(charged) to statement of income	(ad)	(118)	782	-	5,111	5,775
Under provision in prior year		-	234	-	396	630
Transferred from equity		-	-	2,618	-	2,618
At 31 December 2015		-	(1,091)	9,053	22,579	30,541
2014						
At 1 January		45	(3,821)	8,596	20,421	25,241
Credited/(charged) to statement of income	(ad)	73	2,054	-	(3,349)	(1,222)
Under provision in prior year			(340)	(2,452)	-	(2,792)
Transferred from equity		-	-	291	-	291
At 31 December 2014		118	(2,107)	6,435	17,072	21,518

(i) Statutory deposits with Bank Negara Malaysia

	2015	2014
	RM'000	RM'000
Statutory deposit with Bank Negara Malaysia	1,257,178	1,297,654

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(j) Property, plant and equipment

	Note	Renovations, office equipment, furniture and fittings	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000
2015					
Cost					
At 1 January		10,076	3,519	15,013	28,608
Additions		7,533	209	194	7,936
Reclassified to intangible assets	(m)	-	-	(73)	(73)
Written off		(388)	(740)	-	(1,128)
Exchange fluctuation		730	-	370	1,100
At 31 December		17,951	2,988	15,504	36,443
Accumulated depreciation					
At 1 January		6,751	1,663	7,025	15,439
Charge for the financial year		1,417	538	3,331	5,286
Written off		(223)	(423)	-	(646)
Exchange fluctuation		492	-	302	794
At 31 December		8,437	1,778	10,658	20,873
Net book value at 31 December		9,514	1,210	4,846	15,570
2014					
Cost					
At 1 January		10,017	3,692	10,002	23,712
Additions		704	318	8,259	9,281
Reclassified to intangible assets	(m)	-	-	(3,257)	(3,257)
Written off		(949)	(491)	(147)	(1,587)
Exchange fluctuation		303	-	156	459
At 31 December		10,075	3,519	15,013	28,608
Accumulated depreciation					
At 1 January		6,095	1,349	6,783	14,227
Charge for the financial year		1,356	636	2,797	4,789
Reclassified to intangible assets	(m)	-	-	(2,535)	(2,535)
Written off		(931)	(322)	(148)	(1,401)
Exchange fluctuation		231	-	128	359
At 31 December		6,751	1,663	7,025	15,439
Net book value at 31 December		3,324	1,856	7,988	13,169

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(k) Other assets

	2015	2014
	RM'000	RM'000
Deposits and prepayments	16,824	8,530
Clearing accounts	11,885	5,801
Collateral pledged for derivative transactions	198,393	210,153
Sundry debtors	745,416	230,239
	972,518	454,723

(l) Goodwill

	2015	2014
	RM'000	RM'000
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit ("CGU").

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2016 financial budgets approved by management, projected for 5 years based on the average to year historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated terminal growth rate of 4.5% (2014: 5.00%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rate is 6.62% (2014: 7.04%) which reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

(m) Intangible assets

	Note	2015	2014
		RM'000	RM'000
Computer software			
Cost			
At 1 January		125,220	34,420
Additions		2,534	87,558
Disposals		-	(170)
Reclassifed from conventional banking		73	-
Reclassified from property, plant and equipment	(j)	-	3,257
Exchange fluctuation		406	155
At 31 December		128,233	125,220
Accumulated amortisation			
At 1 January		33,283	20,195
Charge for the financial year		10,686	10,423
Reclassified from property, plant and equipment	(j)	-	2,535
Exchange fluctuation		307	130
At 31 December		44,276	33,283
Net book value at 31 December		83,957	91,937

The above intangible assets include computer software under construction at cost of RM407,911 (2014: RM422,760).

The remaining amortisation period of the intangible assets are as follows:

Computer Software 1 - 15 years

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(n) Deposits from customers

	2015 RM'000	2014 RM'000
(i) By type of deposits		
Savings deposit		
Wadiah	3,263,150	2,742,201
Mudharabah	320,617	190,452
	3,583,767	2,932,653
Demand deposit		
Wadiah	9,408,866	7,377,966
Qard	386,784	61,320
Mudharabah	71,026	755,889
	9,866,676	8,195,175
Term deposit		
Commodity Murabahah	33,230,363	21,691,342
Islamic Negotiable instruments	742,792	2,563,732
Mudharabah	344,450	389,915
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	398,342	2,173,817
Short term money market deposit-i	28,781	5,116,670
Wakalah	17,816	5,109,756
Wadiah	10,965	6,914
Fixed Deposit-i	239,772	1,067,331
Wakalah	-	608,700
Wadiah	239,772	458,631
General investment account	1,310,340	2,433,388
Mudharabah	1,310,340	2,433,388
Specific investment account	314,009	326,806
Mudharabah	314,009	326,806
	35,866,057	33,199,269
Others	14,689	18,887
Qard	14,689	18,887
	49,331,189	44,345,984

The maturity structure of term deposit is as follows:

	2015 RM'000	2014 RM'000
Due within six months	27,962,417	31,429,165
Six months to one year	7,202,592	1,067,187
One year to three years	391,340	381,594
Three years to five years	885	436
More than five years	308,823	320,887
	35,866,057	33,199,269

(ii) By type of customer		
Government and statutory bodies	3,513,833	3,791,645
Business enterprises	19,932,893	17,899,026
Individuals	10,829,624	6,821,940
Others	15,054,839	15,833,373
	49,331,189	44,345,984

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(n) Deposits from customers (Continued)

Wadiah (Yad Dhamanah)
A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian).

Commodity Murabahah
A contract of sale and purchase of commodities as underlying assets. The Customer appoints the Bank to act as the Customer's agent for the purchase and sale of the commodity. Profit expense shall be recognised on accrual basis by maturity date.

Mudharabah
A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio ("PSR") whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's, negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorised into two types:

(a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.

(b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

Wakalah
A trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. This contract is categorised into two types which are Restricted Agency (Wakalah Muqayyadah) and Unrestricted Agency (Wakalah Mutlaqah). The fee shall be recognised based on agreement.

Bai' Bithaman Ajil
A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai' al-Dayn
A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Qard
A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

(o) Placements from investment accounts

	Note	2015	2014
		RM'000	RM'000
Restricted investment accounts:		2,900,982	-
Unrestricted investment accounts:	21	232,716	-
		3,133,698	-

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) Placements from investment accounts (Continued)

Movement in the Investment Account

	Mudharabah		
	Restricted investment accounts - RPSIA	Unrestricted investment accounts-Special Mudharabah Investment Accounts - SMIA	Total
	RM'000	RM'000	RM'000
1 January 2015			
Funding inflows/outflows			
New placement during the year	4,341,765	262,928	4,604,693
Redemption during the year	(1,497,417)	(30,406)	(1,527,823)
Income from investment	74,653	3,881	78,534
Company's share of profit			
Profit distributed to mudarib	(747)	(3,687)	(4,434)
Incentive fee	(17,272)	-	(17,272)
31 December 2015	2,900,982	232,716	3,133,698
Investment asset:			
House financing	-	170,496	170,496
Other term financing	2,722,855	62,220	2,785,075
Marketable securities	125,897	-	125,897
Miscellaneous Other Assets/(Other Liabilities)	52,230	-	52,230
Total investment	2,900,982	232,716	3,133,698

Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

	Investment account holder		
	Average profit sharing ratio	Average rate of return	Performance incentive fee
	(%)	(%)	(%)
Unrestricted investment accounts:			
No specific tenure	5	0.22	n/a
Restricted investment accounts:			
Less than 1 year	99	3.64	1.15

Included in the placements from investment accounts is the Restricted Profit Sharing Investment Account ("RPSIA") placed by CIMB Bank Berhad amounting to RM2,901 million (2014: RM2,098 million) for tenures between 1 month to 3 months at indicative profit rates from 3.41% to 3.99% per annum (2014: 3.38% to 3.96% tenures between 1 month to 3 months). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

The placement from investment accounts placed by CIMB Bank Berhad for 2014 was recognised under deposits and placements of banks and other financial institutions.

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(p) Deposits and placements of banks and other financial institutions

	2015 RM'000	2014 RM'000
Licensed banks	2,183,696	4,240,982
Licensed investment banks	173,345	201,122
Bank Negara Malaysia	159,026	29,384
Other financial institutions	1,080,239	1,340,695
	3,596,306	5,812,183

(q) Provision for taxation and Zakat

	2015 RM'000	2014 RM'000
Taxation	39,017	26,658
Zakat	-	147
	39,017	26,805

(r) Other liabilities

	2015 RM'000	2014 RM'000
Clearing accounts	3,381,669	3,180,770
Due to brokers	145	35,371
Accruals and other payables	2,031,965	761,020
	5,413,779	3,977,161

(s) Financial liabilities designated at fair value

	2015 RM'000	2014 RM'000
Deposits from customers - structured investments	199,063	149,835

The Group has issued structured investments, and have 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 and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group as at 31 December 2015 of financial liabilities designated at fair value were RM8,581,000 (2014: RM8,551,000) 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.

(t) Other borrowings

	2015 RM'000	2014 RM'000
* Others - Interbank Certificate of Mudharabah Investment (SIMA) with maturity date 1/2/2016 and interest rate 8.15% and 8%	17,125	-

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(u) Subordinated Sukuk

The RM850 million unsecured 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, CIMB Islamic 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 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 21 April 2011, the second tranche of the Sukuk of RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

On 18 September 2012, the third tranche of Sukuk of RM300 million was issued 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 RM850 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation (subject to the general phase-out treatment under Basel III).

(v) Ordinary share capital and perpetual preference shares

	2015	2014
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	1,500,000	1,500,000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	1,000,000	1,000,000
Perpetual preference shares		
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January	400,000	100,000
Increased during the financial year	-	300,000
At 31 December	400,000	400,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January	220,000	70,000
Issued during the financial year	-	150,000
At 31 December	220,000	220,000

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(w) Reserves

(a) The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.

(b) Regulatory reserves are maintained as an additional credit risk absorbent to ensure robustness on the financing impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010.

(c) The Share-based payment reserve arose from the Employee Ownership Plan ("EOP"), the Group's share-based compensation benefits.

(x) Income derived from investment of depositors' funds and others

	2015 RM'000	2014 RM'000
Income derived from investment of:		
(i) General investment deposits	1,748,924	1,324,717
(ii) Specific investment deposits	164,283	91,033
(iii) Other deposits	716,655	920,591
	2,629,862	2,336,341
(i) Income derived from investment of general investment deposits		
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	1,427,105	1,071,526
- Unwinding income*	6,269	3,816
Financial assets held for trading	18,313	15,413
Financial investments available-for-sale	67,969	39,424
Financial investments held-to-maturity	37,008	24,700
Money at call and deposit with financial institutions	144,253	127,504
Securities purchased under resale agreement	3,001	537
Others	3,071	5,770
	1,706,989	1,288,690
Accretion of discount less amortisation of premium	59,610	47,122
	1,766,599	1,335,812
Other operating income:		
Net loss from foreign exchange transactions	(63,371)	(39,274)
Net (loss)/gain from sale of financial investments available-for-sale	(93)	4,617
Net gain/(loss) from financial assets held for trading		
- Realised	169	669
- Unrealised	4,251	(121)
	(59,044)	(34,109)
Fees and commission income:		
Fee on financing and advances	18,272	4,257
Guarantee fees	8,318	3,133
Service charges and fees	10,131	10,448
	36,721	17,838
Other income:		
Sundry income	4,648	5,176
	1,748,924	1,324,717

* *Unwinding income is income earned on impaired financial assets*

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(x) Income derived from investment of depositors' funds and others (Continued)

	2015 RM'000	2014 RM'000
(ii) Income derived from investment of specific investment deposits		
Finance income and hibah:		
(i) Deposit from customers:	85,691	91,033
(ii) Placements from Investment Accounts:	78,592	-
	164,283	91,033
(i) Deposit from customers:		
Financing, advances and other financing/loans:		
- Profit income	64,472	69,486
Money at call and deposit with banks and other financial institutions	21,219	21,547
	85,691	91,033
(ii) Placements from Investment Accounts:		
Financing, advances and other financing/loans:		
- Profit income	70,609	-
- Unwinding income*	15	-
Money at call and deposit with financial institutions	7,968	-
	78,592	-
(iii) Income derived from investment of other deposits		
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	582,791	737,781
- Unwinding income*	3,201	3,296
Financial assets held for trading	8,275	11,691
Financial investments available-for-sale	30,342	27,111
Financial investments held-to-maturity	14,565	13,825
Money at call and deposit with banks and other financial institutions	67,105	100,548
	706,279	894,252
Accretion of discount less amortisation of premium	30,945	39,745
	737,224	933,997
Other operating income:		
Net gain from sale of financial investments available-for-sale	570	1,776
Net gain/(loss) from financial assets held for trading		
- Realised	94	339
- Unrealised	1,388	(168)
Net gain from sale of financial investments held-to-maturity	-	-
Net loss from foreign exchange transactions	(26,732)	(18,017)
	(24,680)	(16,070)
Fees and commission income:		
Guarantee fees	4,111	2,664
	716,655	920,591

* *Unwinding income is income earned on impaired financial assets*

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(y) Net income derived from investment of shareholders' funds

	2015	2014
	RM'000	RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	136,565	103,075
- Unwinding income*	650	443
Financial investments available-for-sale	6,581	4,081
Financial assets held for trading	1,690	1,590
Financial investments held-to-maturity	20,882	16,349
Money at call and deposit with financial institutions	28,391	28,808
	194,759	154,346
Accretion of discount less amortisation of premium	6,233	5,452
	200,992	159,798
Other operating income:		
Net gain/(loss) from financial assets held for trading		
- Realised	9	49
- Unrealised	323	(10)
Net gain from sale of financial investments available-for-sale	3,590	244
Net gain/(loss) from Islamic derivative financial instruments		
- Realised	107,445	74,761
- Unrealised	(5,590)	(12,553)
Net (loss)/gain arising from financial liabilities designated at fair value		
- Realised	(2,534)	(287)
- Unrealised	(6)	105
Net loss from foreign exchange transactions	(5,709)	(3,577)
Net (loss)/gain from hedging derivatives	(609)	231
	96,919	58,963
Net fees and commission income:		
Advisory fees	4,625	1,610
Guarantee fees	26,412	28,384
Service charges and fees	75,531	58,058
Placement fees	11,159	5,750
Underwriting commission	960	640
Others	30,248	24,078
Fee and commission income	148,935	118,520
Fee and commission expense	(4,321)	(3,970)
Net fees and commission income	144,614	114,550
Sundry income	7,676	4,542
	450,201	337,853

* *Unwinding income is income earned on impaired financial assets*

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(z) Allowance for impairment losses on financing, advances and other financing/loans

	2015 RM'000	2014 RM'000
(i) Individual impairment allowance		
- (Written back)/made during the financial year	(11,810)	47,847
(ii) Portfolio impairment allowance		
- Made during the financial year	199,278	154,029
Bad debts on financing:		
- Recovered	(41,356)	(44,477)
- Written-off	3,161	2,363
	149,273	159,762

(aa) Income attributable to depositors

	2015 RM'000	2014 RM'000
Deposits from customers		
- Mudharabah	185,118	199,566
- Non-Mudharabah	1,227,682	928,474
- Financial liabilities designated at fair value	7,311	7,020
Deposits and placements of banks and other financial institutions		
- Mudharabah	19,543	29,574
- Non-Mudharabah	22,893	8,139
Others	48,499	40,143
	1,511,046	1,212,916

(ab) Personnel expenses

	2015 RM'000	2014 RM'000
- Salaries, allowances and bonuses	85,408	82,885
- Pension costs (defined contribution plan)	5,282	4,690
- Staff incentives and other staff payments	2,024	7,507
- Medical expenses	1,385	917
- Mutual separation scheme	2,586	-
- Others	4,935	2,179
	101,620	98,178

Included in the personnel costs are fees paid to the Shariah Committee members amounting to RM1,225,160 (2014: RM914,025).

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ac) Other overheads and expenditures

	2015	2014
	RM'000	RM'000
Establishment costs		
- Depreciation of property, plant and equipment	5,286	4,789
- Rental	5,055	4,372
- Repairs and maintenance	572	4,649
- Outsource services	918	3,812
- Security expenses	557	1,210
- Utility expenses	239	256
- Others	7,226	2,057
	19,853	21,145
Marketing expenses		
- Advertisement and publicity	6,017	6,559
- Others	2,043	2,887
	8,060	9,446
Administration and general expenses		
- Amortisation of intangible assets	10,684	10,423
- Legal and professional fees	2,223	989
- Stationery	674	1178
- Communication	753	1120
- Incidental expenses on banking operations	1,380	3540
- Others	40,325	28,646
	56,039	45,896
Shared service cost		
Personnel expenses	233,995	230,551
Establishment	112,417	104,681
Promotion	15,768	12,348
General expenses	31,657	28,042
	393,837	375,622
	477,789	452,109

57 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ad) Taxation

(i) Tax expense for the financial year

	Note	2015	2014
		RM'000	RM'000
Current year tax			
- Malaysian income tax		192,430	168,831
Deferred taxation	(h)	(5,775)	1,222
(Over)/under provision in prior year		(2,195)	152
		184,460	170,205

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation is as follows:

	2015	2014
	RM'000	RM'000
Profit before taxation	840,237	751,633
Tax calculated at tax rate of 25%	210,059	187,908
- Effect of different tax rates	(3,669)	(5,934)
- Income not subject to tax	(26,526)	(15,455)
- Expenses not deductible for tax purposes	6,766	3,534
(Over)/under provision in prior year	(2,170)	152
	184,460	170,205

(ae) Sources and uses of charity funds

	2015	2014
	RM'000	RM'000
Sources of charity funds		
Balance as at 1 January	550	633
Non-shariah compliance income	-	466
Exchange fluctuation	60	44
Total sources of charity funds during the financial year	610	1,143
Uses of charity funds		
Contribution to non-profit organisation	569	343
Contribution to government agencies	41	250
Total uses of charity funds during the financial year	610	593
Undistributed charity funds as at 31 December	-	550

58 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 8 March 2016.

59 REALISED AND UNREALISED PROFITS

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010 and the directive of Bursa Malaysia Securities Berhad.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 31 December 2015 and 31 December 2014 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial positon of the Group. In addition, the unrealised retained earnings of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	14,212,847	13,316,096	1,801,801	849,050
- Unrealised	(64,917)	(254,562)	53,644	392,809
	14,147,930	13,061,534	1,855,445	1,241,859
Total share of retained earnings from associates				
- Realised	800,973	703,757	-	-
- Unrealised	788	2,507	-	-
Total share of retained earnings from joint ventures				
- Realised	93,529	104,684	-	-
- Unrealised	1,293	1	-	-
	15,044,513	13,872,483	1,855,445	1,241,859
Consolidation adjustments	(28,928)	188,250	-	-
Total group retained earnings as per consolidated financial statements	15,015,585	14,060,733	1,855,445	1,241,859

BASEL II PILLAR 3 DISCLOSURES

ABBREVIATIONS

A-IRB Approach	Advanced Internal Ratings Based Approach
ALM COE	Asset Liability Management Centre of Excellence
BI	Banking Institutions
BIA	Basic Indicator Approach
BNM	Bank Negara Malaysia
BRC	Board Risk Committee
CAF	Capital Adequacy Framework and, in some instances referred to as the Risk-Weighted Capital Adequacy Framework
CAFIB	Capital Adequacy Framework for Islamic Banks
CAR	Capital Adequacy Ratio and, in some instances referred to as the Risk-Weighted Capital Ratio
CBSM	Capital and Balance Sheet Management
CCR	Counterparty Credit Risk
CIMBBG	CIMB Bank, CIMBISLG, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factorlease Berhad and non-financial subsidiaries
CIMBIBG	CIMB Investment Bank Berhad, CIMB Futures Sdn Bhd and non-financial subsidiaries
CIMBISLG	CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
CIMBGH Group	Group of Companies under CIMB Group Holdings Berhad
CIMBTH	CIMB Thai Bank Public Company Ltd and its subsidiaries
CIMB Bank	CIMB Bank Berhad and CIMB Bank (L) Ltd (as determined under the CAF (Capital Components) and CAFIB (Capital Components) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	Collectively CIMBBG, CIMBIBG and CIMBISLG as described within this disclosure
CIMB IB	CIMB Investment Bank Berhad
CIMB Islamic	CIMB Islamic Bank Berhad
CRM	Credit Risk Mitigants
CRO	Group Chief Risk Officer
CSA	Credit Support Annexes, International Swaps and Derivatives Association Agreement
DFIs	Development Financial Institutions
EAD	Exposure At Default
EaR	Earnings-at-Risk
ECAIs	External Credit Assessment Institutions
EL	Expected Loss
EP	Eligible Provision
EVE	Economic Value of Equity
EWRM	Enterprise Wide Risk Management
Group EXCO	Group Executive Committee
F-IRB Approach	Foundation Internal Ratings Based Approach
Fitch	Fitch Ratings
GALCO	Group Asset Liability Management Committee
GCC	Group Credit Committee
GIBD	Group Islamic Banking Division
GMRC	Group Market Risk Committee
GRC	Group Risk Committee
GRD	Group Risk Division
GUC	Group Underwriting Committee

HPE	Hire Purchase Exposures
IRB Approach	Internal Ratings Based Approach
IRRBB	Interest Rate Risk in the Banking Book
KRI	Key Risk Indicators
LGD	Loss Given Default
MARC	Malaysian Rating Corporation Berhad
MDBs	Multilateral Development Banks
Moody's	Moody's Investors Service
MRMWG	Model Risk Management Working Group
MTM	Mark-to-Market and/or Mark-to-Model
ORM	Operational Risk Management
ORMF	Operational Risk Management Framework
OTC	Over the Counter
PD	Probability of Default
PSEs	Non-Federal Government Public Sector Entities
PSIA	Profit Sharing Investment Accounts
QRRE	Qualifying Revolving Retail Exposures
R&I	Rating and Investment Information, Inc
RAM	RAM Rating Services Berhad
RAROC	Risk Adjusted Return on Capital
RORBB	Rate of Return Risk in the Banking Book
RRE	Residential Real Estate
RWA	Risk-Weighted Assets
RWCAF	Risk-Weighted Capital Adequacy Framework and, in some instances referred to as the Capital Adequacy Framework
S&P	Standard & Poor's
SA	Standardised Approach
SMEs	Small and Medium Enterprises
SNC	Shariah Non Compliance
SRM COE	Shariah Risk Management Centre of Excellence
VaR	Value at Risk

OVERVIEW OF BASEL II AND PILLAR 3

The 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework' or commonly known as 'Basel II' issued by the Bank of International Settlements, as adopted by BNM seeks to increase the risk sensitivity in capital computations and prescribed a number of different approaches to risk calculation that allows the use of internal models to calculate regulatory capital. The particular approach selected must commensurate with the financial institution's risk management capabilities. The Basel II requirements are stipulated within three broad 'Pillars' or sections.

Pillar 1 focuses on the minimum capital measurement methodologies and their respective qualifying criteria to use specified approaches available to calculate the RWA for credit, market and operational risks. CIMB Bank and its subsidiaries including CIMBISLG which offers Islamic banking financial services (collectively known as 'CIMBBG'); apply the IRB Approach for its major credit exposures. The IRB Approach prescribes two approaches, the F-IRB Approach and A-IRB Approach. Under F-IRB Approach, the Group applies its own PD and the regulator prescribed LGD, whereas under the A-IRB Approach, the Group applies its own risk estimates of PD, LGD and EAD. The remaining credit exposures are on the SA and where relevant, will progressively migrate to the IRB Approach. CIMBIB and its subsidiaries ('CIMBIBG') adopt the SA for credit risk. CIMBBG, CIMBISLG and CIMBIBG (collectively known as 'CIMB Group' or the 'Group') adopt the SA for market risk and BIA for operational risk.

Pillar 2 focuses on how sound risk management practices should be implemented from the Supervisory Review perspective. It requires financial institutions to make their own assessments of capital adequacy in light of their risk profile and to have a strategy in place for maintaining their capital levels.

Pillar 3 complements Pillar 1 and Pillar 2 by presenting disclosure requirements aimed to encourage market discipline in a sense that every market participant can assess key pieces of information attributed to the capital adequacy framework of financial institutions.

FREQUENCY OF DISCLOSURE

The qualitative disclosures contained herein are required to be updated on an annual basis and more frequently if significant changes to policies are made. The capital structure and adequacy disclosures are published on a quarterly basis. All other quantitative disclosures are published semi-annually in conjunction with the Group's half yearly reporting cycles.

MEDIUM AND LOCATION OF DISCLOSURE

These disclosures are also available on CIMBGH Group's corporate website (www.cimb.com). The individual disclosures for CIMB Bank, CIMB Islamic and CIMB IB are also available at the CIMBGH Group's corporate website.

BASIS OF DISCLOSURE

These disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) - Disclosure Requirements (Pillar 3) and CAFIB - Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2015.

The basis of consolidation for financial accounting purposes is described in the 2015 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, the Group did not experience any impediments in the distribution of dividends. There were also no capital deficiencies in any subsidiaries that are not included in the consolidation for regulatory purposes.

The term 'credit exposure' as used in this disclosure is a prescribed definition by BNM based on the RWCAF (Basel II) - Disclosure Requirements (Pillar 3) and CAFIB - Disclosure Requirements (Pillar 3). Credit exposure is defined as the estimated maximum amount a banking institution may be exposed to a counterparty in the event of a default or EAD. This differs with similar terms applied in the 2015 financial statements as the credit risk exposure definition within the ambit of accounting standards represent the balance outstanding as at balance sheet date and do not take into account the expected undrawn contractual commitments. Therefore, information within this disclosure is not directly comparable to that of the 2015 financial statements.

Any discrepancies between the totals and sum of the components in the tables contained in this disclosure are due to actual summation method and then rounded up to the nearest thousands.

These disclosures have been reviewed and verified by internal auditors and approved by the Board Risk Committee of CIMB Group, as delegated by the Board of Directors of CIMBGH Group.

RISK MANAGEMENT OVERVIEW

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

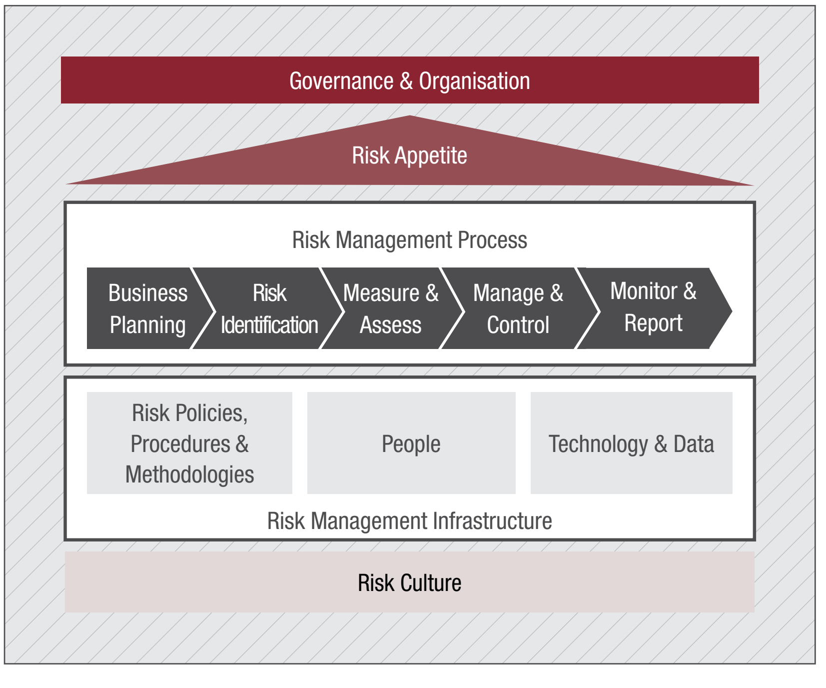
The objectives of CIMB Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholder value through proper allocation of capital and facilitate development of new businesses.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

CIMB Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

(a) **Governance & Organisation:** A strong governance structure is important to ensure an effective and consistent implementation of the Group's EWRM framework. The Board is ultimately responsible for the Group's risk management activities, sets the strategic directions, risk appetite and relevant frameworks for the Group. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is carried out effectively.

(b) **Risk Appetite:** It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

CIMB Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. BRC and GRC receive monthly reports on compliance with the risk appetite.

(c) **Risk Management Process:**
- **Business Planning:** Risk is central to the business planning process, including setting risk appetite, risk posture and new product/new business activities.
- **Risk Identification:** Risks are systematically identified through the robust application of the Group's risk frameworks, policies and procedures.
- **Measure and Assess:** Risks are measured and aggregated using Group wide methodologies across each of the risk types, including stress testing.
- **Manage and Control:** Controls and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Monitor and Report:** Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within risk appetite. Risk adjusted performance is monitored.

(d) **Risk Management Infrastructure**
- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Procedures provide guidance for day-to-day risk taking activities. Methodologies provide specific requirements, rules or criteria to be met to comply with the policy.
- **People:** Attracting the right talent and skills are keys to ensuring a well-functioning EWRM Framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment. Performance measurement and compensation are aligned to the strategy plan and risk appetite.
- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) **Risk Culture:** The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Group.

RISK GOVERNANCE

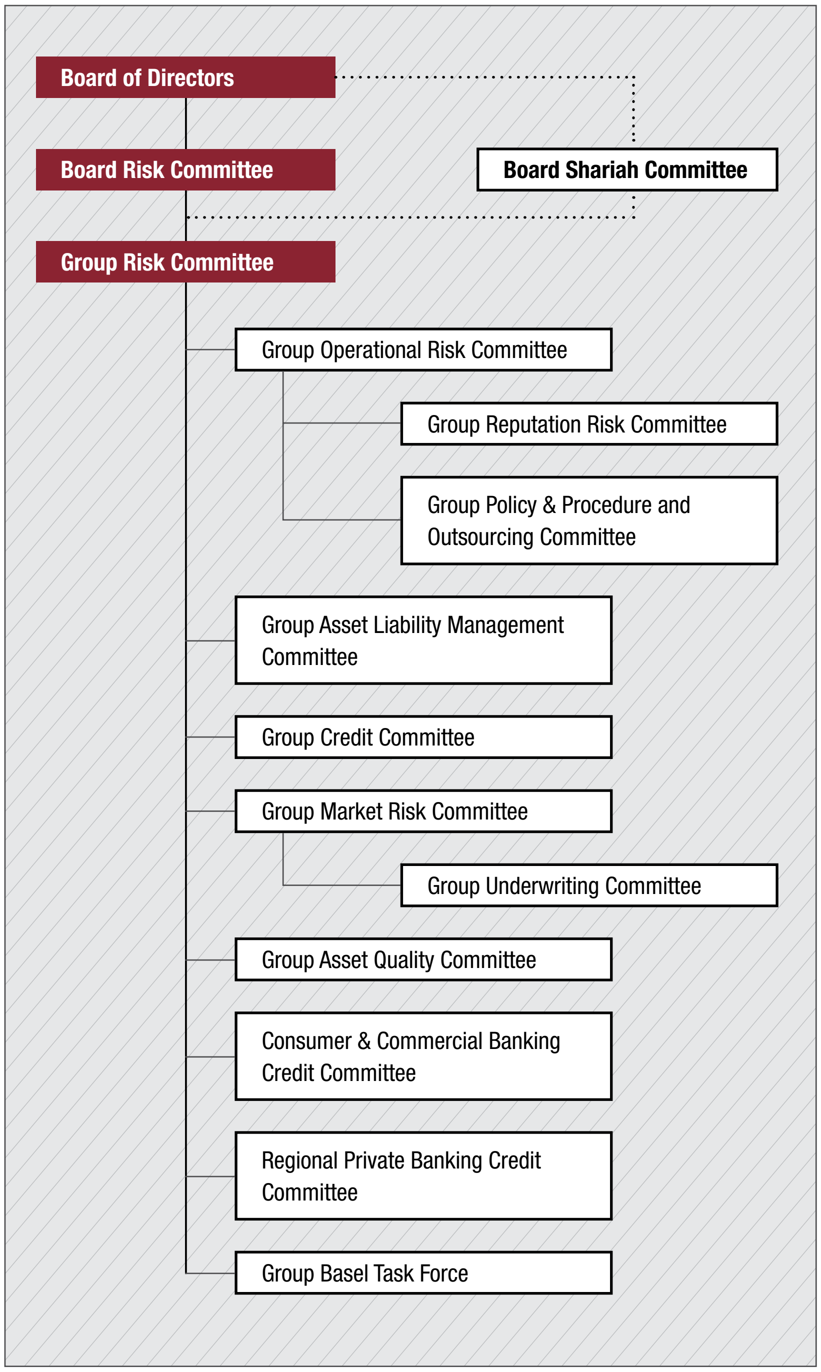
At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

THE GROUP'S RISK MANAGEMENT GOVERNANCE AND REPORTING STRUCTURE IS DEPICTED AS FOLLOWS:



THREE-LINES OF DEFENCE

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

THE ROLES OF CRO AND GROUP RISK DIVISION

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group Chief Risk Officer who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

(a) Actively engages the Board and senior management on risk management issues and initiatives.
(b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

(a) Risk Analytics & Infrastructure Centre of Excellence
Risk Analytics & Infrastructure Centre of Excellence designs, builds and implements standardised infrastructure used to measure, monitor and manage risk across the region.

(b) Market Risk Centre of Excellence
In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation.

(c) Operational Risk Centre of Excellence
The Operational Risk Centre of Excellence provides the methodology, tools and processes for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group. It provides challenge and oversight over the execution of this framework by the first line of defence. Management of operational risks is present in the Group's products, services, activities, processes and systems.

(d) Asset Liability Management Centre of Excellence
It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest rate risk in the banking book/rate of return in the banking book as well as recommending policies and methodologies to manage the said risks. It conducts regular stress testing of the liquidity risk profile, ensuring CIMB Group's adherence and compliance with internal and regulatory requirements, and maintains the early warning system indicators and Contingency Funding Plan (CFP).

(e) Credit Risk Centre of Excellence
The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of CIMB Group. It ensures a homogenous and consistent approach to:
- Credit Risk Policies and Procedures;
- Credit Risk Models;
- Credit Risk Methodologies; and
- Portfolio Analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.

(f) Shariah Risk Management Centre of Excellence
The Shariah Risk Management Centre of Excellence (SRM CoE) facilitates the process of identifying, measuring, controlling and monitoring Shariah Non Compliance (SNC) risks inherent in the Group's Islamic businesses and services. SRM COE formulates, recommends and implements appropriate SRM policies & guidelines; and develops and implements processes for SNC risk awareness.

In addition to the above Risk Centres of Excellence, the Regional Risk & International Offices oversees the risk management functions of the regional offices, the Group's unit trust and securities businesses and also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and securities businesses identify, measure and assess, manage and control, monitor and report the relevant material risk exposures of each individual country and/or businesses.

The Regional Risk Validation Team is independent from the risk taking units and model development team. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on Basel related risk models and components comprising credit risk, traded risk, non-traded risk and other Basel related risk models. The unit provides recommendations to the modeling team and the business users. The findings and recommendations will be reported to Model Risk Management Working Group (MRMWG), thereafter to Group Risk Committee (GRC) and Board Risk Committee (BRC) for approval.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

STRATEGIES AND PROCESSES FOR VARIOUS RISK MANAGEMENT

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk and Interest Rate Risk/Rate of Return Risk in the Banking Book are available in the later sections.

SHARIAH GOVERNANCE DISCLOSURE

The Islamic business in CIMB Group is managed and overseen by the Group Islamic Banking (GIB). Its products and services are managed in strict compliance with Shariah under the guidance of CIMB Islamic Board Shariah Committee.

The Board of Directors of CIMB Group, CIMB Investment Bank Berhad, and CIMB Bank Berhad delegate and empower the Board of Directors of CIMB Islamic Bank to undertake the overall oversight function of the Islamic businesses and operations of the whole CIMB Group, which in turn delegates overseeing of the Shariah governance of Islamic businesses and activities in CIMB Group to CIMB's Board Shariah Committee established under CIMB Islamic Bank.

Whilst the Board of Directors is accountable for the overall Shariah governance and compliance of the Islamic businesses in CIMB Group, the day-to-day running of Shariah management is performed by the CEO of GIB.

Shariah & Governance Department (S&G) of GIB which is basically a component of the Management serves as a coordinator and manager of the overall Shariah governance and compliance of the Islamic businesses in CIMB Group. S&G is responsible to carry out Shariah Research, Advisory and Secretariat functions. In performing its roles, S&G is complemented by the roles of the Shariah Compliance functions consisting of Shariah Risk Management Centre of Excellence, Shariah Compliance Review and Shariah Audit.

CIMB Group operates on a dual banking leverage model that utilises the full resources and infrastructure of CIMB Group. Accordingly, all divisions and staff of CIMB Group are responsible for complying with Shariah in their respective Islamic business activities.

In ensuring Islamic business activities are Shariah compliant and Shariah governance process are in place, S&G is to provide Shariah advisory and conduct in-depth Shariah research prior to submission to CIMB Board Shariah Committee. It is supported by control measures by Shariah Risk Management, regular review by Shariah Compliance Review and independent assessment by Shariah Audit. In CIMB Group, the Shariah Risk Management, Shariah Compliance Review, and Shariah Audit functions reside in Group Risk Division, Group Compliance, and Group Internal Audit Division respectively.

RECTIFICATION PROCESS OF SHARIAH NON-COMPLIANCE INCOME OCCURRING DURING THE YEAR

During the year ended 31 December 2015, an amount of RM19,491.41 was recorded as Shariah non-compliance (SNC) income. For the purpose of rectification, the stated amount will be channelled to the approved charitable bodies accordingly and returned to the customer.

CAPITAL MANAGEMENT

KEY CAPITAL MANAGEMENT PRINCIPLES

The key driving principles of CIMBGH Group's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the CIMBGH Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the Group EXCO who periodically assess and review the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

Included in the annual Capital Management Plan is the establishment of the internal minimum capital adequacy target which is substantially above the minimum regulatory requirement. In establishing this internal capital adequacy target, the Group considers many critical factors, including, amongst others, phasing-in of the capital adequacy requirement and capital buffer requirements, credit rating implication, current and future operating environment and peer comparisons.

CAPITAL STRUCTURE AND ADEQUACY

The relevant entities under the Group have issued various capital instruments pursuant to the respective regulatory guidelines, including Tier 2 subordinated debt, innovative and non-innovative Tier 1 hybrid securities that qualify as capital pursuant to the RWCAF and CAFIB issued by BNM. However, with the implementation of Basel III under the Capital Adequacy Framework (Capital Components) beginning 1 January 2013, capital instruments are subject to a gradual phase-out treatment which will eventually result in a full derecognition by 1 January 2022. Therefore, in order for the Group to maintain adequate capital it has issued Basel III compliant instruments during the financial year and will continually review potential future issuances under the Capital Management Plan. Notes 29 to 31 in CIMBGH Financial Statement show the summary of terms and conditions of the capital instruments.

The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components). The minimum regulatory capital adequacy requirements in 2015 for the Common Equity Tier 1 ratio, Tier 1 ratio and Total Capital ratio are 4.5%, 6.0% and 8% respectively.

On 13 October 2015, BNM issued revised guidelines on the Capital Adequacy Framework (Capital Components), of which will take effect beginning 1 January 2016 and 1 January 2019 for banking institutions and financial holding company respectively. BNM also issued updated guidelines on the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) which are applicable to all banking institutions with immediate effect and all financial holding companies with effect from 1 January 2019.

The tables below present the Capital Position of CIMBBG, CIMBISLG and CIMBIBG respectively.

Basel II Pillar 3 Disclosures
Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 1(a): Capital Position for CIMBBG

	CIMBBG	
(RM'000)	**2015**	**2014**
Common Equity Tier 1 capital		
Ordinary shares	5,148,084	4,787,023
Other reserves	26,518,216	23,197,847
Qualifying non-controlling interests	275,120	257,010
Less Proposed dividend	(966,553)	(753,000)
Common Equity Tier 1 capital before regulatory adjustments	**30,974,867**	**27,488,879**
Less: Regulatory adjustments		
Goodwill	(5,114,235)	(4,965,324)
Intangible assets	(945,435)	(949,186)
Deferred Tax Assets	(403,149)	(314,145)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(319,238)	(144,137)
Shortfall of eligible provisions to expected losses	-	(280,596)
Others	(1,023,933)	(738,239)
Common equity Tier 1 capital after regulatory adjustments/total	**23,168,880**	**20,097,253**
Additional Tier 1 capital		
Perpetual preference shares	140,000	160,000
Non-innovative Tier 1 capital	700,000	800,000
Innovative Tier 1 Capital	1,128,260	1,289,440
Qualifying capital instruments held by third parties	54,760	51,075
Additional Tier 1 capital before regulatory adjustments	**2,023,020**	**2,300,515**
Less: Regulatory adjustments		
Investments in Additional Tier 1 capital instruments of unconsolidated financial and insurance/takaful entities	-	(349)
Additional Tier 1 capital after regulatory adjustments	**2,023,020**	**2,300,166**
Total Tier 1 capital after regulatory adjustments	**25,191,900**	**22,397,419**

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 1(a): Capital Position for CIMBBG (Continued)

	CIMBBG	
(RM'000)	**2015**	**2014**
Tier 2 Capital		
Subordinated notes	7,050,000	6,050,000
Redeemable Preference Shares	29,740	29,740
Surplus eligible provisions over expected loss	210,735	-
Qualifying capital instruments held by third parties	376,000	378,488
Portfolio impairment allowance and regulatory reserves	509,270	552,993
Tier 2 capital before regulatory adjustments	**8,175,745**	**7,011,221**
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(478,907)	(577,946)
Total Tier 2 Capital	**7,696,838**	**6,433,275**
Total Capital	**32,888,738**	**28,830,694**
RWA		
Credit risk	180,655,182	166,270,354
Market risk	14,483,777	16,080,788
Operational risk	17,227,086	15,851,297
Large Exposure risk requirement	666,867	502,139
Total RWA	**213,032,912**	**198,704,578**
Capital Adequacy Ratios		
Common Equity Tier 1 Ratio	10.876%	10.114%
Tier 1 ratio	11.825%	11.272%
Total capital ratio	15.438%	14.509%

The Total Capital ratio increase in 2015 compared to 2014 was primarily due to (i) issuances of ordinary shares from reinvestment of the cash dividend surplus from CIMB Group's fifth and sixth Dividend Reinvestment Scheme ("DRS"), (ii) additional equity injection of RM696m from CIMB Group via rights issue; and (iii) issuance of RM2.0b Tier 2 capital during the year. The increase in credit RWA was mainly due to increase in exposures to Corporates. The decrease in market RWA was mainly contributed by overall decrease in interest rate risk RWA by approximately RM1.6b mainly attributed to lower specific risk charge following reduction in USD bonds exposure, Option RWA mainly attributed to lower interest rate option risk RWA due to exercise call-back of swaption trades as well as lower swaption volatility yoy basis and Equity RWA as arbitrage positions were closed out end 2015.

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 1(b): Capital Position for CIMBISLG

	CIMBISLG	
(RM'000)	**2015**	**2014**
Common Equity Tier 1 capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	2,386,118	1,991,470
Common Equity Tier 1 capital before regulatory adjustments	**3,386,118**	**2,991,470**
Less: Regulatory adjustments		
Goodwill	(136,000)	(136,000)
Intangible assets	(82,210)	(89,744)
Deferred Tax Assets	(31,184)	(22,855)
Others	(122,352)	(115,688)
Common equity Tier 1 capital after regulatory adjustments/total	**3,014,372**	**2,627,183**
Additional Tier 1 capital		
Perpetual preference shares	199,000	206,000
Additional Tier 1 capital before regulatory adjustments	**199,000**	**206,000**
Less: Regulatory adjustments		
Investments in Additional Tier 1 capital instruments of unconsolidated financial & insurance/takaful entities	-	-
Additional Tier 1 capital after regulatory adjustments	**199,000**	**206,000**
Total Tier 1 capital after regulatory adjustments	**3,213,372**	**2,833,183**
Tier 2 Capital		
Subordinated notes	595,000	680,000
Portfolio impairment allowance and regulatory reserves	48,697	42,231
Tier 2 capital before regulatory adjustments	**643,697**	**722,231**
Less: Regulatory adjustments		
Total Tier 2 Capital	**643,697**	**722,231**
Total Capital	**3,857,069**	**3,555,414**
RWA		
Credit risk	21,088,246	20,438,939
Market risk	532,642	498,080
Operational risk	2,080,787	2,011,791
Total RWA	**23,701,675**	**22,948,810**
Capital Adequacy Ratios		
Common Equity Tier 1 Ratio	12.718%	11.448%
Tier 1 ratio	13.558%	12.346%
Total capital ratio	16.273%	15.493%

Total capital ratio increased in 2015 compared to 2014 due to the increase in Other reserves. The increase in Credit RWA between December 2014 and December 2015 was mainly due to the growth in corporate portfolio. Market RWA increased mainly contributed by increased FX RWA due to increased exposure to USD with higher USD deposits coupled with depreciation of MYR in 2015, but offset by decreased profit rate RWA by RM50m yoy basis mainly attributed to net disposal of MYR sukuk.

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 1(c): Capital Position for CIMBIBG

	CIMBIBG	
(RM'000)	**2015**	**2014**
Common Equity Tier 1 capital		
Ordinary shares	100,000	100,000
Other reserves	554,758	507,156
Proposed dividends	(66,000)	-
Common Equity Tier 1 capital before regulatory adjustments	**588,758**	**607,156**
Less: Regulatory adjustments		
Goodwill	(964)	(964)
Deferred Tax Assets	(15,278)	(46,428)
Deductions in excess of Tier 2 capital	(6,462)	(7,603)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(3,268)	(1,460)
Others	(2,284)	(118)
Common equity Tier 1 capital after regulatory adjustments/total	**560,502**	**550,583**
Tier 2 Capital		
Redeemable Preference Shares	7	8
Portfolio impairment allowance and regulatory reserves	159	2,729
Tier 2 capital before regulatory adjustments	**166**	**2,737**
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(6,628)	(10,340)
Total Tier 2 Capital	-	-
Total Capital	**560,502**	**550,583**
RWA		
Credit risk	1,166,117	1,164,171
Market risk	86,545	52,221
Operational risk	631,580	697,657
Total RWA	**1,884,242**	**1,914,049**
Capital Adequacy Ratios		
Common Equity Tier 1 Ratio	29.747%	28.765%
Tier 1 ratio	29.747%	28.765%
Total capital ratio	29.747%	28.765%

Total capital ratio increased in 2015 compared to 2014 mainly due to the decrease in RWA. The increase in Market RWA was mainly contributed by increased FX RWA due to higher exposure to foreign currency in FX and higher foreign currency cash and short term funds coupled with depreciation of MYR in 2015 and Option risk mainly due to exposure to equity underwriting in December 2015.

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The tables below show the RWA under various exposure classes under the relevant approach and applying the minimum regulatory capital requirement at 8% to establish the minimum capital required for each of the exposure classes:

Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG

	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2015					
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	45,058,836	45,058,836	647,611	647,611	51,809
Public Sector Entities	5,822,207	4,356,257	59,161	59,161	4,733
Banks, DFIs & MDBs	2,942,738	2,387,220	1,007,753	1,007,753	80,620
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,461,579	2,231,134	1,236,886	1,236,886	98,951
Corporate	24,819,933	21,536,779	22,659,162	22,659,162	1,812,733
Regulatory Retail	34,041,516	21,045,308	18,269,644	18,269,644	1,461,572
Residential Mortgages/RRE Financing	6,751,446	6,750,204	2,658,067	2,658,067	212,645
Higher Risk Assets	1,512,809	1,512,809	2,269,213	2,269,213	181,537
Other Assets	11,164,360	11,164,360	3,206,402	3,206,402	256,512
Securitisation	473,270	473,270	94,654	94,654	7,572
Total for SA	**136,048,695**	**116,516,178**	**52,108,554**	**52,108,554**	**4,168,684**
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	24,034,231	24,034,231	4,151,742	4,151,742	332,139
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	123,450,137	123,450,137	72,300,420	72,300,420	5,784,034
Residential Mortgages/RRE Financing	58,407,202	58,407,202	19,053,391	19,053,391	1,524,271
Qualifying Revolving Retail	13,466,147	13,466,147	8,675,864	8,675,864	694,069
Hire Purchase	14,416,468	14,416,468	8,681,744	8,681,744	694,540
Other Retail	25,220,714	25,220,714	8,407,243	8,407,243	672,579
Securitisation	-	-	-	-	-
Total for IRB Approach	**258,994,899**	**258,994,899**	**121,270,404**	**121,270,404**	**9,701,632**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**395,043,593**	**375,511,076**	**180,655,182**	**180,655,182**	**14,452,415**
Large Exposure Risk Requirement	**666,867**	**666,867**	**666,867**	**666,867**	**53,349**
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			11,436,234	11,436,234	914,899
Foreign Currency Risk			697,094	697,094	55,768
Equity Risk			552,290	552,290	44,183
Commodity Risk			316,977	316,977	25,358
Options Risk			1,481,181	1,481,181	118,494
Total Market Risk			**14,483,777**	**14,483,777**	**1,158,702**
Operational Risk (BIA)			**17,227,086**	**17,227,086**	**1,378,167**
Total RWA and Capital Requirement			**213,032,912**	**213,032,912**	**17,042,633**

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG (Continued)

	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2014					
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	39,223,305	39,223,305	306,247	306,247	24,500
Public Sector Entities	3,731,038	3,300,956	42,350	42,350	3,388
Banks, DFIs & MDBs	1,768,623	1,523,569	640,767	640,767	51,261
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,129,090	1,813,076	1,143,009	1,143,009	91,441
Corporate	18,684,160	17,110,261	17,962,206	17,962,206	1,436,977
Regulatory Retail	33,093,948	20,421,347	17,130,657	17,130,657	1,370,453
Residential Mortgages/RRE Financing	5,439,266	5,438,262	2,156,528	2,156,528	172,522
Higher Risk Assets	1,074,955	1,074,955	1,612,432	1,612,432	128,995
Other Assets	7,843,713	7,843,713	3,133,146	3,133,146	250,652
Securitisation	560,482	560,482	112,096	112,096	8,968
Total for SA	**113,548,581**	**98,309,925**	**44,239,438**	**44,239,438**	**3,539,155**
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	36,293,364	36,293,364	8,490,782	8,490,782	679,263
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	101,877,672	101,877,672	63,444,745	63,444,745	5,075,580
Residential Mortgages/RRE Financing	54,680,228	54,680,228	18,372,562	18,372,562	1,469,805
Qualifying Revolving Retail	12,569,925	12,569,925	8,094,940	8,094,940	647,595
Hire Purchase	14,225,438	14,225,438	9,359,652	9,359,652	748,772
Other Retail	22,556,435	22,556,435	7,360,824	7,360,824	588,866
Securitisation	-	-	-	-	-
Total for IRB Approach	**242,203,062**	**242,203,062**	**115,123,506**	**115,123,506**	**9,209,880**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**355,751,644**	**340,512,988**	**166,270,354**	**166,270,354**	**13,301,628**
Large Exposure Risk Requirement	**502,139**	**502,139**	**502,139**	**502,139**	**40,171**
Market Risk (SA)					
Interest Rate Risk/Profit Rate Risk			12,781,308	12,781,308	1,022,505
Foreign Currency Risk			357,790	357,790	28,623
Equity Risk			738,832	738,832	59,107
Commodity Risk			6,508	6,508	521
Options Risk			2,196,350	2,196,350	175,708
Total Market Risk			**16,080,788**	**16,080,788**	**1,286,463**
Operational Risk (BIA)			**15,851,297**	**15,851,297**	**1,268,104**
Total RWA and Capital Requirement			**198,704,581**	**198,704,581**	**15,896,366**

Basel II Pillar 3 Disclosures
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CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 2(b): Disclosure on Total RWA and Minimum Capital Requirement for CIMBISLG

	CIMBISLG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2015					
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	13,475,964	13,475,964	4,737	4,737	379
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	403,972	403,972	201,986	201,986	16,159
Takaful Operators, Securities Firms & Fund Managers	1,022	502	502	502	40
Corporate	3,109,508	1,386,884	1,318,472	1,318,472	105,478
Regulatory Retail	3,288,808	3,272,450	2,795,420	2,795,420	223,634
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	49,689	49,689	40,664	40,664	3,253
Securitisation	54,395	54,395	10,879	10,879	870
Total for SA	**20,383,934**	**18,644,432**	**4,373,523**	**4,373,523**	**349,882**
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,426,351	1,426,351	281,997	281,997	22,560
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	15,465,951	15,465,951	9,525,032	7,940,251	635,220
RRE Financing	10,085,876	10,085,876	3,290,794	3,290,794	263,264
Qualifying Revolving Retail	208,616	208,616	156,972	156,972	12,558
Hire Purchase	4,301,949	4,301,949	2,635,175	2,635,175	210,814
Other Retail	3,856,734	3,856,734	1,463,418	1,463,418	117,073
Securitisation	-	-	-	-	-
Total for IRB Approach	**35,345,476**	**35,345,476**	**17,353,388**	**15,768,607**	**1,261,489**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**55,729,410**	**53,989,908**	**22,768,114**	**21,088,246**	**1,687,060**
Large Exposure Risk Requirement	**-**	**-**	**-**	**-**	**-**
Market Risk (SA)					
Benchmark Rate Risk			407,049	407,049	32,564
Foreign Currency Risk			125,592	125,592	10,047
Equity Risk					
Commodity Risk					
Options Risk					
Total Market Risk			**532,642**	**532,642**	**42,611**
Operational Risk (BIA)			**2,080,787**	**2,080,787**	**166,463**
Total RWA and Capital Requirement			**25,381,542**	**23,701,675**	**1,896,134**

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 2(b): Disclosure on Total RWA and Minimum Capital Requirement for CIMBISLG (Continued)

	CIMBISLG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2014					
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	12,682,935	12,682,935	3,950	3,950	316
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	181,915	181,915	85,458	85,458	6,837
Takaful Operators, Securities Firms & Fund Managers	6,432	5,957	5,957	5,957	477
Corporate	1,092,010	629,802	539,136	539,136	43,131
Regulatory Retail	4,618,139	4,587,640	3,567,007	3,567,007	285,361
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	250,029	250,029	250,029	250,029	20,002
Securitisation	3,485	3,485	697	697	56
Total for SA	**18,835,521**	**18,342,338**	**4,453,096**	**4,453,096**	**356,248**
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,594,212	1,594,212	300,458	300,458	24,037
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	12,606,449	12,606,449	8,516,842	7,263,404	581,072
RRE Financing	8,374,426	8,374,426	2,698,247	2,698,247	215,860
Qualifying Revolving Retail	201,289	201,289	155,195	155,195	12,416
Hire Purchase	5,288,540	5,288,540	3,510,755	3,510,755	280,860
Other Retail	3,148,084	3,148,084	1,152,926	1,152,926	92,234
Securitisation	-	-	-	-	-
Total for IRB Approach	**31,212,999**	**31,212,999**	**16,334,423**	**15,080,984**	**1,206,479**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**50,048,520**	**49,555,337**	**21,767,584**	**20,438,938**	**1,635,115**
Large Exposure Risk Requirement	**-**	**-**	**-**	**-**	**-**
Market Risk (SA)					
Benchmark Rate Risk			457,356	457,356	36,588
Foreign Currency Risk			40,724	40,724	3,258
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			**498,080**	**498,080**	**39,846**
Operational Risk (BIA)			**2,011,791**	**2,011,791**	**160,943**
Total RWA and Capital Requirement			**24,277,455**	**22,948,810**	**1,835,905**

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 2(c): Disclosure on Total RWA and Minimum Capital Requirement for CIMBIBG

(RM'000) Exposure Class	CIMBIBG				
	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2015					
Credit Risk (SA)					
Sovereign/Central Banks	881,584	881,584	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,565,871	1,565,871	645,949	645,949	51,676
Insurance Cos, Securities Firms & Fund Managers	15,571	15,571	15,571	15,571	1,246
Corporate	47,268	47,268	47,268	47,268	3,781
Regulatory Retail	9,995	9,995	8,928	8,928	714
Residential Mortgages	156,905	156,905	94,279	94,279	7,542
Higher Risk Assets	-	-	-	-	-
Other Assets	359,333	359,333	354,123	354,123	28,330
Securitisation	-	-	-	-	-
Total Credit Risk	**3,036,527**	**3,036,527**	**1,166,117**	**1,166,117**	**93,289**
Large Exposure Risk Requirement	**-**	**-**	**-**	**-**	**-**
Market Risk (SA)					
Interest Rate Risk			12,380	12,380	990
Foreign Currency Risk			58,041	58,041	4,643
Equity Risk			3,191	3,191	255
Commodity Risk			-	-	-
Options Risk			12,933	12,933	1,035
Total Market Risk			**86,545**	**86,545**	**6,924**
Operational Risk (BIA)			**631,580**	**631,580**	**50,526**
Total RWA and Capital Requirement			**1,884,242**	**1,884,242**	**150,739**

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Table 2(c): Disclosure on Total RWA and Minimum Capital Requirement for CIMBIBG (Continued)

	CIMBIBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
2014					
Credit Risk (SA)					
Sovereign/Central Banks	941,910	941,910	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,411,082	1,215,192	512,335	512,335	40,987
Insurance Cos, Securities Firms & Fund Managers	18,236	18,236	18,236	18,236	1,459
Corporate	41,457	41,457	41,457	41,457	3,317
Regulatory Retail	84,469	84,469	83,836	83,836	6,707
Residential Mortgages	77,771	77,771	45,702	45,702	3,656
Higher Risk Assets	-	-	-	-	-
Other Assets	462,647	462,647	462,606	462,606	37,008
Securitisation	-	-	-	-	-
Total Credit Risk	**3,037,573**	**2,841,683**	**1,164,171**	**1,164,171**	**93,134**
Large Exposure Risk Requirement	**-**	**-**	**-**	**-**	**-**
Market Risk (SA)					
Interest Rate Risk			16,529	16,529	1,322
Foreign Currency Risk			35,461	35,461	2,837
Equity Risk			231	231	18
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			**52,221**	**52,221**	**4,178**
Operational Risk (BIA)			**697,657**	**697,657**	**55,813**
Total RWA and Capital Requirement			**1,914,049**	**1,914,049**	**153,124**

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The Group has in place an EWRM framework that aligns ICAAP requirements into the Group's risk management and control activities. The coverage of ICAAP includes the following:

(a) Assessing the risk profile of the bank.
(b) Assessing the capital adequacy and capital management strategies.
(c) Monitoring compliance with regulatory requirement on capital adequacy.
(d) Reporting to management and regulator on ICAAP.
(e) Governance and independent review.

The full ICAAP cycle, from initial planning to regulatory submission and independent review, involves close coordination among the risk, capital and finance functions together and business and support divisions. In line with BNM's guidelines on RWCAF (Basel II) - ICAAP (Pillar 2) and CAFIB - ICAAP (Pillar 2), the Group submits its ICAAP report to the BRC for approval and the Board for notification

CREDIT RISK

Credit risk, is defined as the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support customer's obligation to third parties, e.g. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

CREDIT RISK MANAGEMENT

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

The Framework encompass the Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate and commercial loans, credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with exceptions approved at Consumer and Commercial Banking Credit Committee (CBCC).

The GRC with the support of Group Credit Committee, Group Asset Quality Committee, Consumer and Commercial Banking Credit Committee, Regional Private Banking Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by GRD.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures at least on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

SUMMARY OF CREDIT EXPOSURES

(i) Gross Credit Exposures by Geographic Distribution

The geographic distribution is based on the country in which the portfolio is geographically managed.

The following tables represent the Group's credit exposures by geographic region:

Table 3(a): Geographic Distribution of Credit Exposures for CIMBBG

	CIMBBG				
(RM'000) Exposure Class	**Malaysia**	**Singapore**	**Thailand**	**Other Countries**	**Total**
2015					
Sovereign	40,140,885	2,617,287	1,355,656	945,009	45,058,836
Bank	15,360,920	6,231,709	7,876,811	3,329,736	32,799,176
Corporate	102,015,364	31,077,663	14,793,505	3,845,116	151,731,649
Mortgage/RRE Financing	53,606,915	5,532,036	6,019,697	-	65,158,648
HPE	14,416,468	-	-	-	14,416,468
QRRE	10,205,324	3,260,823	-	-	13,466,147
Other Retail	50,683,567	2,343,847	5,822,927	411,888	59,262,230
Other Exposures	7,478,039	350,545	5,167,122	154,734	13,150,439
Total Gross Credit Exposure	**293,907,482**	**51,413,911**	**41,035,718**	**8,686,483**	**395,043,593**
2014					
Sovereign	34,910,400	2,221,259	1,885,322	206,325	39,223,305
Bank	24,722,514	10,042,772	4,861,951	2,165,789	41,793,026
Corporate	87,426,280	20,298,600	12,151,541	2,814,501	122,690,923
Mortgage/RRE Financing	51,249,626	3,973,781	4,896,086	-	60,119,494
HPE	14,225,438	-	-	-	14,225,438
QRRE	9,725,220	2,844,705	-	-	12,569,925
Other Retail	48,556,362	1,940,937	4,918,796	234,288	55,650,383
Other Exposures	5,930,520	405,312	3,118,309	25,008	9,479,150
Total Gross Credit Exposure	**276,746,361**	**41,727,366**	**31,832,005**	**5,445,912**	**355,751,644**

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(i) Gross Credit Exposures by Geographic Distribution (Continued)

Table 3(b): Geographic Distribution of Credit Exposures for CIMBISLG

	CIMBISLG				
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
2015					
Sovereign	13,475,964	-	-	-	13,475,964
Bank	1,830,322	-	-	-	1,830,322
Corporate	18,576,481	-	-	-	18,576,481
RRE Financing	10,085,876	-	-	-	10,085,876
HPE	4,301,949	-	-	-	4,301,949
QRRE	208,616	-	-	-	208,616
Other Retail	7,145,542	-	-	-	7,145,542
Other Exposures	104,659	-	-	-	104,659
Total Gross Credit Exposure	**55,729,410**	**-**	**-**	**-**	**55,729,410**
2014					
Sovereign	12,682,935	-	-	-	12,682,935
Bank	1,776,127	-	-	-	1,776,127
Corporate	13,704,890	-	-	-	13,704,890
RRE Financing	8,374,426	-	-	-	8,374,426
HPE	5,288,540	-	-	-	5,288,540
QRRE	201,289	-	-	-	201,289
Other Retail	7,766,223	-	-	-	7,766,223
Other Exposures	254,089	-	-	-	254,089
Total Gross Credit Exposure	**50,048,520**	**-**	**-**	**-**	**50,048,520**

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(i) Gross Credit Exposures by Geographic Distribution (Continued)

Table 3(c): Geographic Distribution of Credit Exposures for CIMBIBG

(RM'000)	CIMBIBG				
Exposure Class	**Malaysia**	**Singapore**	**Thailand**	**Other Countries**	**Total**
2015					
Sovereign	881,584	-	-	-	881,584
Bank	1,565,871	-	-	-	1,565,871
Corporate	62,839	-	-	-	62,839
Mortgage	156,905	-	-	-	156,905
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	9,995	-	-	-	9,995
Other Exposures	359,333	-	-	-	359,333
Total Gross Credit Exposure	**3,036,527**	**-**	**-**	**-**	**3,036,527**
2014					
Sovereign	941,910	-	-	-	941,910
Bank	1,411,082	-	-	-	1,411,082
Corporate	59,693	-	-	-	59,693
Mortgage	77,771	-	-	-	77,771
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	84,469	-	-	-	84,469
Other Exposures	462,647	-	-	-	462,647
Total Gross Credit Exposure	**3,037,573**	**-**	**-**	**-**	**3,037,573**

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(ii) Gross Credit Exposures by Sector

The following tables represent the Group's credit exposure analysed by sector:

Table 4(a): Distribution of Credit Exposures by Sector for CIMBBG

CIMBBG												
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2015												
Sovereign	325,457	-	-	1,302,686	1,290,445	-	2,105,161	9,529,448	30,505,339	-	300	45,058,836
Bank	-	-	-	-	-	-	-	32,681,052	118,124	-	-	32,799,176
Corporate	8,671,223	9,492,778	12,913,121	6,341,553	11,112,070	18,311,699	15,181,652	42,957,587	9,224,613	6,081	17,519,273	151,731,649
Mortgage/RRE Financing	-	-	-	-	-	-	-	-	-	65,158,648	-	65,158,648
HPE	-	-	-	-	-	-	-	-	-	14,416,468	-	14,416,468
QRRE	-	-	-	-	-	-	-	-	-	13,466,147	-	13,466,147
Other Retail	262,968	52,159	910,604	29,372	741,294	1,677,868	182,916	2,537,712	5,500,524	47,366,813	0	59,262,230
Other Exposures	24,148	-	34,939	1,774	-	20,565	-	1,625,372	240,455	-	11,203,186	13,150,439
Total Gross Credit Exposure	**9,283,796**	**9,544,937**	**13,858,664**	**7,675,385**	**13,143,809**	**20,010,132**	**17,469,728**	**89,331,172**	**45,589,055**	**140,414,157**	**28,722,758**	**395,043,593**
2014												
Sovereign	346,686	-	-	903,752	1,018,777	-	1,945,447	9,283,693	25,724,650	-	300	39,223,305
Bank	-	-	-	-	-	-	-	41,790,789	2,237	-	-	41,793,026
Corporate	4,605,100	7,078,586	12,518,318	4,679,310	10,383,779	14,425,822	12,635,986	35,245,808	8,361,179	3,157,272	9,599,762	122,690,923
Mortgage/RRE Financing	-	-	-	-	-	-	-	-	-	60,119,494	-	60,119,494
HPE	-	-	-	-	-	-	-	-	-	14,225,438	-	14,225,438
QRRE	-	-	-	-	-	-	-	-	-	12,569,925	-	12,569,925
Other Retail	307,585	37,333	892,260	24,772	645,110	1,451,257	170,486	2,023,102	4,420,950	45,673,996	3,532	55,646,851
Other Exposures	19,668	-	9,716	1,585	-	1,180	-	1,255,194	238,482	-	7,953,324	9,479,150
Total Gross Credit Exposure	**5,279,039**	**7,115,919**	**13,420,294**	**5,609,419**	**12,047,667**	**15,878,259**	**14,751,919**	**89,598,585**	**38,747,498**	**135,746,126**	**17,556,919**	**355,751,644**

* Others are exposures which are not elsewhere classified.

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(ii) Gross Credit Exposures by Sector (Continued)

Table 4(b): Distribution of Credit Exposures by Sector for CIMBISLG

CIMBISLG												
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Islamic Finance, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2015												
Sovereign	54,167	-	-	181,156	156,834	-	94,760	4,233,552	8,755,495	-	-	13,475,964
Bank	-	-	-	-	-	-	-	1,830,322		-	-	1,830,322
Corporate	1,354,458	911,253	1,232,881	424,122	2,685,376	1,029,524	2,326,512	5,037,844	849,207	2,522,590	202,714	18,576,481
RRE Financing	-	-	-	-	-	-	-	-	-	10,085,876	-	10,085,876
HPE	-	-	-	-	-	-	-	-	-	4,301,949	-	4,301,949
QRRE	-	-	-	-	-	-	-	-	-	208,616	-	208,616
Other Retail	12,743	9,271	52,487	2,266	77,670	154,362	9,186	207,191	38,422	6,542,502	39,441	7,145,542
Other Exposures	-	-	-	-	-	-	-	575	54,395	-	49,689	104,659
Total Gross Credit Exposure	**1,421,369**	**920,524**	**1,285,368**	**607,544**	**2,919,880**	**1,183,885**	**2,430,458**	**11,309,484**	**9,697,519**	**23,661,534**	**291,845**	**55,729,410**
2014												
Sovereign	54,141	-	-	-	167,314	-	55,750	4,046,349	8,359,381	-	-	12,682,935
Bank	-	-	-	-	-	-	-	1,776,127	-	-	-	1,776,127
Corporate	944,860	27,976	1,196,500	204,145	3,010,313	923,911	1,604,958	3,954,241	1,009,995	722,480	105,510	13,704,890
RRE Financing	-	-	-	-	-	-	-	-	-	8,374,426	-	8,374,426
HPE	-	-	-	-	-	-	-	-	-	5,288,540	-	5,288,540
QRRE	-	-	-	-	-	-	-	-	-	201,289	-	201,289
Other Retail	17,634	7,240	60,156	2,162	80,371	163,849	7,517	218,369	41,456	7,121,403	46,066.00	7,766,223
Other Exposures	-	-	-	-	-	-	-	575	3,485	-	250,029	254,089
Total Gross Credit Exposure	**1,016,636**	**35,217**	**1,256,657**	**206,306**	**3,257,998**	**1,087,761**	**1,668,224**	**9,995,662**	**9,414,317**	**21,708,137**	**401,605**	**50,048,520**

Note: All sectors above are Shariah compliant.

* Others are exposures which are not elsewhere classified.

Basel II Pillar 3 Disclosures
Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(ii) Gross Credit Exposures by Sector (Continued)

Table 4(c): Distribution of Credit Exposures by Sector for CIMBIBG

CIMBIBG												
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2015												
Sovereign	-	-	-	-	-	-	-	881,445	139	-	-	881,584
Bank	-	-	-	-	-	-	-	1,565,871	-	-	-	1,565,871
Corporate	-	-	-	-	-	-	-	6,241	217	8,000	48,380	62,839
Mortgage	-	-	-	-	-	-	-	-	-	156,905	-	156,905
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	9,995	-	9,995
Other Exposures	-	-	-	-	-	-	-	-	-	-	359,333	359,333
Total Gross Credit Exposure	-	-	-	-	-	-	-	**2,453,557**	**356**	**174,900**	**407,713**	**3,036,527**
2014												
Sovereign	-	-	-	-	-	-	-	940,083	1,828	-	-	941,910
Bank	-	-	-	-	-	-	-	1,411,082	-	-	-	1,411,082
Corporate	-	-	-	-	-	-	-	3,708	198	35,781	20,007	59,693
Mortgage	-	-	-	-	-	-	-	-	-	77,771	-	77,771
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	84,469	-	84,469
Other Exposures	-	-	-	-	-	-	-	-	-	-	462,647	462,647
Total Gross Credit Exposure	-	-	-	-	-	-	-	**2,354,872**	**2,025**	**198,021**	**482,654**	**3,037,573**

* Others are exposures which are not elsewhere classified.

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(iii) Gross Credit Exposures by Residual Contractual Maturity

The following tables represent the Group's credit exposure analysed by residual contractual maturity:

Table 5(a): Distribution of Credit Exposures by Residual Contractual Maturity for CIMBBG

	CIMBBG			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
2015				
Sovereign	10,440,562	15,571,545	19,046,729	45,058,836
Bank	18,538,866	9,512,474	4,747,835	32,799,176
Corporate	38,904,253	59,370,448	53,456,948	151,731,649
Mortgage/RRE Financing	58,633	854,797	64,245,219	65,158,648
HPE	126,350	3,734,190	10,555,928	14,416,468
QRRE	13,466,147	-	-	13,466,147
Other Retail	3,243,999	5,732,710	50,285,521	59,262,230
Other Exposures	95,326	364,784	12,690,329	13,150,439
Total Gross Credit Exposure	**84,874,136**	**95,140,947**	**215,028,510**	**395,043,593**
2014				
Sovereign	8,680,867	10,860,681	19,681,757	39,223,305
Bank	29,133,923	9,623,541	3,035,562	41,793,026
Corporate	35,746,876	45,812,206	41,131,841	122,690,923
Mortgage/RRE Financing	44,748	994,624	59,080,122	60,119,494
HPE	162,228	3,841,989	10,221,221	14,225,438
QRRE	12,569,925	-	-	12,569,925
Other Retail	3,613,690	4,386,810	47,649,883	55,650,383
Other Exposures	118,724	382,169	8,978,257	9,479,150
Total Gross Credit Exposure	**90,070,981**	**75,902,019**	**189,778,644**	**355,751,644**

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(iii) Gross Credit Exposures by Residual Contractual Maturity (Continued)

Table 5(b): Distribution of Credit Exposures by Residual Contractual Maturity for CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
2015				
Sovereign	4,202,990	7,066,395	2,206,579	13,475,964
Bank	1,175,957	250,393	403,972	1,830,322
Corporate	3,646,571	4,174,636	10,755,274	18,576,481
RRE Financing	2,434	80,440	10,003,002	10,085,876
HPE	42,953	1,881,209	2,377,786	4,301,949
QRRE	208,616	-	-	208,616
Other Retail	49,785	362,951	6,732,807	7,145,542
Other Exposures	-	49,504	55,155	104,659
Total Gross Credit Exposure	**9,329,306**	**13,865,528**	**32,534,575**	**55,729,410**
2014				
Sovereign	4,031,738	3,689,251	4,961,946	12,682,935
Bank	1,175,419	287,661	313,047	1,776,127
Corporate	3,049,193	4,766,017	5,889,680	13,704,890
RRE Financing	2,469	68,192	8,303,765	8,374,426
HPE	48,784	2,072,292	3,167,464	5,288,540
QRRE	201,289	-	-	201,289
Other Retail	83,012	437,063	7,246,148	7,766,223
Other Exposures	-	3,485	250,604	254,089
Total Gross Credit Exposure	**8,591,903**	**11,323,961**	**30,132,655**	**50,048,520**

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

(iii) Gross Credit Exposures by Residual Contractual Maturity (Continued)

Table 5(c): Distribution of Credit Exposures by Residual Contractual Maturity for CIMBIBG

	CIMBIBG			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
2015				
Sovereign	881,445	-	139	881,584
Bank	1,181,640	103	384,128	1,565,871
Corporate	3	930	61,906	62,839
Mortgage	19	1,469	155,417	156,905
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	211	5,244	4,541	9,995
Other Exposures	291	-	359,043	359,333
Total Gross Credit Exposure	**2,063,608**	**7,746**	**965,173**	**3,036,527**
2014				
Sovereign	940,083	-	1,828	941,910
Bank	1,162,249	6,417	242,415	1,411,082
Corporate	1	1,120	58,571	59,693
Mortgage	1	1,432	76,338	77,771
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	187	7,120	77,162	84,469
Other Exposures	368	-	462,280	462,647
Total Gross Credit Exposure	**2,102,889**	**16,089**	**918,594**	**3,037,573**

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING

(i) Past Due But Not Impaired

A loan/financing is considered past due when any payment due under strict contractual terms is received late or missed. Late processing and other administrative delays on the side of the borrower/customer can lead to a financial asset being past due but not impaired. Therefore, loans/financing and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. For the purposes of this analysis, an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment, of principal or interest/profit or both, overdue.

The following tables provide an analysis of the outstanding balances as at 31 December 2015 and 31 December 2014 which were past due but not impaired by sector and geographical respectively:

Table 6(a): Past Due but Not Impaired Loans, Advances and Financing by Sector

	CIMBBG	
(RM'000)	2015	2014
Primary Agriculture	70,608	21,429
Mining and Quarrying	6,983	3,661
Manufacturing	209,752	104,875
Electricity, Gas and Water Supply	768	1,572
Construction	102,718	115,409
Wholesale and Retail Trade, and Restaurants and Hotels	185,007	163,221
Transport, Storage and Communication	48,530	87,215
Finance, Insurance/Takaful, Real Estate and Business Activities	166,948	67,575
Education, Health and Others	84,273	41,981
Household	9,928,830	9,988,802
Others*	511,673	497,579
Total	**11,316,090**	**11,093,319**

* Others are exposures which are not elsewhere classified.

	CIMBISLG	
(RM'000)	2015	2014
Primary Agriculture	39,555	7,432
Mining and Quarrying	49	722
Manufacturing	1,883	8,354
Electricity, Gas and Water Supply	-	-
Construction	24,700	15,973
Wholesale and Retail Trade, and Restaurants and Hotels	15,357	13,564
Transport, Storage and Communication	3,241	2,960
Islamic Finance, Takaful, Real Estate and Business Activities	27,669	9,398
Education, Health and Others	16,712	5,038
Household	2,241,064	2,671,091
Others*	32	21
Total	**2,370,262**	**2,734,553**

Note: All sectors above are Shariah compliant.
* Others are exposures which are not elsewhere classified

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(i) Past Due But Not Impaired (Continued)

Table 6(a): Past Due but Not Impaired Loans, Advances and Financing by Sector (Continued)

	CIMBIBG	
(RM'000)	**2015**	**2014**
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	-	-
Others*	-	-
Total	-	-

* Others are exposures which are not elsewhere classified.

Table 6(b): Past Due but Not Impaired Loans, Advances and Financing by Geographic Distribution

	CIMBBG	
(RM'000)	**2015**	**2014**
Malaysia	9,795,878	10,039,795
Singapore	129,242	61,826
Thailand	1,390,781	991,698
Other Countries	189	-
Total	**11,316,090**	**11,093,319**

	CIMBISLG	
(RM'000)	**2015**	**2014**
Malaysia	2,370,262	2,734,553
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	**2,370,262**	**2,734,553**

	CIMBIBG	
(RM'000)	**2015**	**2014**
Malaysia	-	-
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	-	-

Basel II Pillar 3 Disclosures
Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing

The Group deems a financial asset or a group of financial asset to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment losses are calculated on individual loans/financing and on loans/financing assessed collectively.

Losses for impaired loans/financing are recognised promptly when there is objective evidence that impairment of a portfolio of loans/financing has occurred. Evidence of impairment may include indications that the borrower/customer or a group of borrowers/customers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest/profit or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the individual impairment allowance account and the amount of the loss is recognised in the statements of comprehensive income. Interest/profit income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. The interest/profit income is recorded as part of interest/profit income.

Loans/Financing that have not been individually assessed are grouped together for portfolio impairment assessment. These loans/financing are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The following tables provide an analysis of the outstanding balances as at 31 December 2015 and 31 December 2014 which were impaired by sector and geographical respectively:

Table 7(a): Impaired Loans, Advances and Financing by Sector

	CIMBBG	
(RM'000)	2015	2014
Primary Agriculture	49,939	121,417
Mining and Quarrying	45,737	46,176
Manufacturing	613,710	579,546
Electricity, Gas and Water Supply	2,704	2,897
Construction	148,719	196,618
Wholesale and Retail Trade, and Restaurants and Hotels	289,246	328,074
Transport, Storage and Communication	1,092,735	1,098,128
Finance, Insurance/Takaful, Real Estate and Business Activities	183,206	158,103
Education, Health and Others	128,917	33,795
Household	1,719,283	1,675,217
Others*	66,173	131,833
Total	**4,340,369**	**4,371,804**

* Others are exposures which are not elsewhere classified.

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 7(a): Impaired Loans, Advances and Financing by Sector (Continued)

	CIMBISLG	
(RM'000)	**2015**	**2014**
Primary Agriculture	6,860	10,547
Mining and Quarrying	307	227
Manufacturing	22,166	14,203
Electricity, Gas and Water Supply	365	557
Construction	43,504	36,039
Wholesale and Retail Trade, and Restaurants and Hotels	13,211	12,630
Transport, Storage and Communication	75,752	86,471
Islamic Finance, Takaful, Real Estate and Business Activities	7,161	5,790
Education, Health and Others	14,274	15,817
Household	240,508	275,254
Others*	277	326
Total	**424,385**	**457,861**

Note: All sectors above are Shariah compliant.
* Others are exposures which are not elsewhere classified.

	CIMBIBG	
(RM'000)	**2015**	**2014**
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	1,228	1,272
Others*	-	-
Total	**1,228**	**1,272**

* Others are exposures which are not elsewhere classified.

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 7(b): Impaired Loans, Advances and Financing by Geographic Distribution

	CIMBBG	
(RM'000)	2015	2014
Malaysia	3,460,219	3,506,844
Singapore	91,188	28,901
Thailand	788,425	816,468
Other Countries	537	19,591
Total	**4,340,369**	**4,371,804**

	CIMBISLG	
(RM'000)	2015	2014
Malaysia	424,385	457,861
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	**424,385**	**457,861**

	CIMBIBG	
(RM'000)	2015	2014
Malaysia	1,228	1,272
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	**1,228**	**1,272**

Table 8(a): Individual Impairment and Portfolio Impairment Allowances by Sector for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	32,524	21,969	36,263	18,173
Mining and Quarrying	35,154	12,000	33,029	7,043
Manufacturing	411,040	95,932	371,063	95,022
Electricity, Gas and Water Supply	1,455	5,703	1,305	5,384
Construction	61,180	44,040	87,844	57,781
Wholesale and Retail Trade, and Restaurants and Hotels	114,035	118,499	132,846	132,769
Transport, Storage and Communication	1,035,146	22,356	1,018,297	28,694
Finance, Insurance/Takaful, Real Estate and Business Activities	142,335	101,047	128,659	103,958
Education, Health and Others	5,350	21,996	6,188	24,209
Household	48,197	1,384,120	33,760	1,377,639
Others*	35,586	142,680	47,763	117,476
Total	**1,922,002**	**1,970,342**	**1,897,017**	**1,968,148**

* Others are exposures which are not elsewhere classified.

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 8(b): Individual Impairment and Portfolio Impairment Allowances by Sector for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	32	10,595	1,487	6,169
Mining and Quarrying	-	285	-	317
Manufacturing	-	4,923	-	8,644
Electricity, Gas and Water Supply	-	640	-	586
Construction	11,509	8,582	8,617	10,184
Wholesale and Retail Trade, and Restaurants and Hotels	2,667	7,719	2,232	10,797
Transport, Storage and Communication	28,602	2,372	22,330	2,203
Islamic Finance, Takaful, Real Estate and Business Activities	1,890	12,582	2,766	14,560
Education, Health and Others	1,468	2,417	2,281	4,666
Household	-	263,595	-	287,736
Others*	-	344	-	568
Total	**46,168**	**314,054**	**39,713**	**346,430**

Note: All sectors above are Shariah compliant.

* Others are exposures which are not elsewhere classified.

Table 8(c): Individual Impairment and Portfolio Impairment Allowances by Sector for CIMBIBG

	CIMBIBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-
Transport, Storage and Communication	-	-	-	-
Finance, Insurance, Real Estate and Business Activities	-	-	-	-
Education, Health and Others	-	-	-	-
Household	1,228	159	1,272	2,729
Others*	-	-	-	-
Total	**1,228**	**159**	**1,272**	**2,729**

* Others are exposures which are not elsewhere classified.

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 9(a): Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	1,560,995	1,383,810	1,645,953	1,545,188
Singapore	28,054	38,921	7,841	29,376
Thailand	332,412	528,289	240,140	379,658
Other Countries	541	19,322	3,083	13,926
Total	**1,922,002**	**1,970,342**	**1,897,017**	**1,968,148**

Table 9(b): Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	46,168	314,054	39,713	346,430
Singapore	-	-	-	-
Thailand	-	-	-	-
Other Countries	-	-	-	-
Total	**46,168**	**314,054**	**39,713**	**346,430**

Table 9(c): Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for CIMBIBG

	CIMBIBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	1,228	159	1,272	2,729
Singapore	-	-	-	-
Thailand	-	-	-	-
Other Countries	-	-	-	-
Total	**1,228**	**159**	**1,272**	**2,729**

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 10(a): Charges for Individual Impairment Provision and Write Offs During the Year for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000)	Charges/ (Write Back)	Write-Off	Charges/ (Write Back)	Write-Off
Primary Agriculture	9,247	6,661	7,359	57
Mining and Quarrying	(3,594)	658	(363)	6,254
Manufacturing	96,236	79,010	6,375	84,167
Electricity, Gas and Water Supply	(5)	-	(7)	-
Construction	1,430	22,968	(20,288)	31,186
Wholesale and Retail Trade, and Restaurants and Hotels	12,679	33,980	(3,566)	56,203
Transport, Storage and Communication	15,502	-	320,564	21,237
Finance, Insurance/Takaful, Real Estate and Business Activities	3,804	10,611	(12,476)	9,010
Education, Health and Others	15	604	(2,462)	345
Household	20,633	6,754	15,147	3,316
Others*	(2,440)	13,376	16	613
Total	**153,507**	**174,622**	**310,299**	**212,388**

* Others are exposures which are not elsewhere classified

Table 10(b): Charges for Individual Impairment Provision and Write Offs During the Year for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000)	Charges/ (Write Back)	Write-Off	Charges/ (Write Back)	Write-Off
Primary Agriculture	(1,706)	1	60	-
Mining and Quarrying	-	-	-	3,068
Manufacturing	(25)	-	(36)	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	3,695	520	(5)	-
Wholesale and Retail Trade, and Restaurants and Hotels	418	-	(4,610)	4,473
Transport, Storage and Communication	6,114	-	22,500	1,564
Islamic Finance, Takaful, Real Estate and Business Activities	(959)	-	(424)	-
Education, Health and Others	(101)	460	1,532	-
Household	-	-	-	-
Others*	-	-	-	-
Total	**7,436**	**981**	**19,017**	**9,105**

Note: All sectors above are Shariah compliant.
* Others are exposures which are not elsewhere classified.

Basel II Pillar 3 Disclosures
Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 10(c): Charges for Individual Impairment Provision and Write Offs During the Year for CIMBIBG

	CIMBIBG			
	2015		2014	
(RM'000)	Charges/ (Write Back)	Write-Off	Charges/ (Write Back)	Write-Off
Primary Agriculture	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-
Transport, Storage and Communication	-	-	-	-
Finance, Insurance, Real Estate and Business Activities	-	-	-	-
Education, Health and Others	-	-	-	-
Household	(43)	-	389	-
Others*	-	-	-	-
Total	**(43)**	**-**	**389**	**-**

* Others are exposures which are not elsewhere classified.

Table 11(a): Analysis of movement for Loan/Financing Impairment Allowances for the Year Ended 31 December 2015 and 31 December 2014 for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	1,897,014	1,968,146	1,767,230	1,933,552
Allowance (written back)/made during the financial period/year	153,507	844,526	310,299	639,287
Amount transferred to portfolio impairment allowance	(6,876)	6,876	3,160	(3,160)
Amount written back in respect of recoveries	-	-	-	-
Allowance made and charged to deferred assets	-	-	(2,735)	381
Amount written off	(174,622)	(838,995)	(212,388)	(633,170)
Transfer(to)/from intercompany	-	-	-	-
Disposal of subsidiary	(44,110)	-	-	-
Unwinding income	-	-	-	-
Exchange fluctuation	97,089	75,590	31,451	31,258
Others (Allowance for Impaired loan disposal to third party)	-	(85,801)	-	-
Total	**1,922,002**	**1,970,342**	**1,897,017**	**1,968,148**

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

(ii) Impaired Loans/Financing (Continued)

Table 11(b): Analysis of movement for Loan/Financing Impairment Allowances for the Year Ended 31 December 2015 and 31 December 2014 for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	39,713	346,430	29,801	376,849
Allowance (written back)/made during the financial period/year	7,436	125,204	19,017	123,405
Amount transferred to portfolio impairment allowance	-	-	-	-
Amount written back in respect of recoveries	-	-	-	-
Allowance made and charged to deferred assets	-	-	-	-
Amount written off	(981)	(157,580)	(9,105)	(153,824)
Transfer (to)/from intercompany	-	-	-	-
Disposal of subsidiary	-	-	-	-
Unwinding income	-	-	-	-
Exchange fluctuation	-	-	-	-
Total	**46,168**	**314,054**	**39,713**	**346,430**

Table 11(c): Analysis of movement for Loan/Financing Impairment Allowances for the Year Ended 31 December 2015 and 31 December 2014 for CIMBIBG

	CIMBIBG			
	2015		2014	
(RM'000)	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	1,271	2,729	883	1,996
Allowance (written back)/made during the financial period/year	1,115	(2,570)	389	733
Amount transferred to portfolio impairment allowance	-	-	-	-
Amount written back in respect of recoveries	(1,158)	-	-	-
Allowance made and charged to deferred assets	-	-	-	-
Amount written off	-	-	-	-
Transfer (to)/from intercompany	-	-	-	-
Disposal of subsidiary	-	-	-	-
Unwinding income	-	-	-	-
Exchange fluctuation	-	-	-	-
Total	**1,228**	**159**	**1,272**	**2,729**

Basel II Pillar 3 Disclosures
Credit Risk

CAPITAL TREATMENT FOR CREDIT RISK

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c). Details on the disclosure for portfolios under the SA and the IRB Approach are in the sections that followed.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA

Credit exposures under SA are mainly exposures where the IRB Approach is not applicable or exposures that will eventually adopt the IRB Approach. Under SA, the regulator prescribes the risk weights for all asset types.

Exposures which are rated externally relate to sovereign and central banks while the unrated exposures relate to personal financing and other exposures. The Group applies external ratings for credit exposures under SA from S&P, Moody's, Fitch, RAM, MARC and R&I. CIMB Group follows the process prescribed under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

The following tables present the credit exposures by risk weights and after credit risk mitigation:

Table 12(a): Disclosure by Risk Weight under SA for CIMBBG

CIMBBG												
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages/RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2015												
0%	43,911,067	4,230,085	58,830	-	-	-	-	-	7,710,763	-	55,910,745	-
6%	-	-	-	-	-	-	-	-	-	-	-	-
20%	97,443	13,087	669,046	293,620	-	-	-	-	228,523	473,270	1,778,127	354,998
35%	-	-	-	-	-	-	6,064,643	-	-	-	6,064,643	2,122,625
50%	902,338	113,084	1,571,039	1,518,703	160,287	731,866	183,566	-	128,755	-	5,306,499	2,654,819
75%	-	-	-	-	-	12,976,172	233,722	-	-	-	13,209,894	9,907,421
100%	90,059	-	88,065	418,811	6,143,295	5,804,726	268,084	-	3,096,320	-	15,909,360	15,909,360
107%	-	-	-	-	15,195,243	-	-	-	-	-	15,195,243	16,378,792
150%	57,929	1	239	-	37,955	42,878	189	1,512,809	-	-	1,652,000	2,478,000
150% < RW < 1250%	-	-	-	-	-	1,489,667	-	-	-	-	1,489,667	2,302,539
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	**45,058,836**	**4,356,257**	**2,387,220**	**2,231,134**	**21,536,779**	**21,045,308**	**6,750,204**	**1,512,809**	**11,164,360**	**473,270**	**116,516,178**	**52,108,553**
Average Risk Weight	**1%**	**1%**	**42%**	**55%**	**105%**	**87%**	**39%**	**150%**	**29%**	**20%**	**43%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

Table 12(a): Disclosure by Risk Weight under SA for CIMBBG (Continued)

	CIMBBG											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages/RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2014												
0%	38,809,493	3,209,059	67,121	-	-	-	-	-	4,576,620	-	46,662,293	-
6%	-	-	-	-	-	-	-	-	-	-	-	-
20%	72,229	11,996	360,787	204,601	-	-	-	-	167,435	560,482	1,377,530	275,506
35%	-	-	-	-	-	-	4,818,691	-	-		4,818,691	1,686,542
50%	146,954	79,902	1,054,144	1,012,767	199,477	1,775,276	180,277	-	-	-	4,448,799	2,224,401
75%	-	-	-	-	-	11,799,803	237,786	-	-		12,037,589	9,028,192
100%	147,240	-	41,472	595,708	4,148,432	5,873,331	201,508	-	3,099,659	-	14,107,350	14,107,345
107%	-	-	-	-	12,717,253	-	-	-	-	-	12,717,253	13,646,388
150%	47,389	-	43	-	45,098	52,884	-	1,074,955	-	-	1,220,369	1,830,553
150% < RW < 1250%	-	-	-	-	-	920,053	-	-	-	-	920,053	1,440,510
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	**39,223,305**	**3,300,956**	**1,523,569**	**1,813,076**	**17,110,261**	**20,421,347**	**5,438,262**	**1,074,955**	**7,843,713**	**560,482**	**98,309,925**	**44,239,438**
Average Risk Weight	**1%**	**1%**	**42%**	**63%**	**105%**	**84%**	**40%**	**150%**	**40%**	**20%**	**44%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

Table 12(b): Disclosure by Risk Weight under SA for CIMBISLG

	CIMBISLG											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2015												
0%	13,452,281	-	-	-	-	-	-	-	8,758	-	13,461,039	-
20%	23,684	-	-	-	-	-	-	-	335	54,395	78,413	15,683
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	403,972	-	137,956	700,830	-	-	-	-	1,242,758	621,379
75%	-	-	-	-	-	508,251	-	-	-	-	508,251	381,189
100%	-	-	-	502	1,247,795	2,062,472	-	-	40,597	-	3,351,366	3,351,366
100% < RW < 1250%	-	-	-	-	1,133	896	-	575	-	-	2,604	3,906
1250%	-	-	-	-	-	-	-		-	-	-	-
Total	**13,475,964**	**-**	**403,972**	**502**	**1,386,884**	**3,272,450**		**575**	**49,689**	**54,395**	**18,644,432**	**4,373,523**
Average Risk Weight	**0%**	**-**	**50%**	**100%**	**95%**	**85%**	**-**	**150%**	**82%**	**20%**	**23%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

	CIMBISLG											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2014												
0%	12,663,185	-	11,000	-	-	-	-	-	-	-	12,674,185	-
20%	19,750	-	-	-	-	-	-	-	-	3,485	23,236	4,647
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	170,915	-	181,711	1,732,979	-	-	-	-	2,085,604	1,042,802
75%	-	-	-	-	-	622,577	-	-	-	-	622,577	466,933
100%	-	-	-	5,957	447,711	2,229,083	-	-	250,029	-	2,932,780	2,932,780
100% < RW < 1250%	-	-	-	-	380	3,001	-	575	-	-	3,956	5,934
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	**12,682,935**	**-**	**181,915**	**5,957**	**629,802**	**4,587,640**	**-**	**575**	**250,029**	**3,485**	**18,342,338**	**4,453,096**
Average Risk Weight	**0%**	**-**	**47%**	**100%**	**86%**	**78%**	**-**	**150%**	**100%**	**20%**	**24%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

Table 12(c): Disclosure by Risk Weight under SA for CIMBIBG

CIMBIBG												
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2015												
0%	881,584	-	-	-	-	-	-	-	82	-	881,666	-
20%	-	-	456,621	-	-	-	-	-	6,411	-	463,032	92,606
35%	-	-	-	-	-	-	57,876	-	-	-	57,876	20,257
50%	-	-	1,109,250	-	-	-	49,858	-	-	-	1,159,108	579,554
75%	-	-	-	-	-	4,271	310	-	-	-	4,581	3,436
100%	-	-	-	15,571	47,268	5,725	48,861	-	352,840	-	470,265	470,265
100% < RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	**881,584**	**-**	**1,565,871**	**15,571**	**47,268**	**9,995**	**156,905**	**-**	**359,333**	**-**	**3,036,527**	**1,166,117**
Average Risk Weight	**-**	**-**	**41%**	**100%**	**100%**	**89%**	**60%**	**-**	**99%**	**-**	**38%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

CIMBIBG												
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2014												
0%	941,910	-	-	-	-	-	-	-	42	-	941,952	-
20%	-	-	317,535	-	-	-	-	-	-	-	317,535	63,507
35%	-	-	-	-	-	-	31,925	-	-	-	31,925	11,174
50%	-	-	897,657	-	-	-	22,472	-	-	-	920,129	460,065
75%	-	-	-	-	-	2,534	329	-	-	-	2,863	2,147
100%	-	-	-	18,236	41,457	81,935	23,045	-	462,606	-	627,279	627,279
100% < RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	**941,910**	**-**	**1,215,192**	**18,236**	**41,457**	**84,469**	**77,771**	**-**	**462,647**	**-**	**2,841,683**	**1,164,171**
Average Risk Weight	**0%**	**-**	**42%**	**100%**	**100%**	**99%**	**59%**	**-**	**100%**	**-**	**41%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

The following tables present the non-retail credit exposures before the effect of credit risk mitigation, according to ratings by ECAIs:

Table 13(a): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMBBG

	CIMBBG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2015				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	5,522,317	-	299,890	5,822,207
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,486,308	83,937	891,334	3,461,579
Corporate	282,320	159,255	24,378,357	24,819,933
Sovereign/Central Banks	19,569,620	90,059	25,399,157	45,058,836
Banks, MDBs and DFIs	2,790,015	-	152,722	2,942,738
Total	**30,650,580**	**333,252**	**51,121,461**	**82,105,293**
2014				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	3,303,899	-	427,139	3,731,038
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,217,770	112,463	798,857	2,129,090
Corporate	14,695	217,747	18,451,718	18,684,160
Sovereign/Central Banks	15,773,987	74,885	23,374,433	39,223,305
Banks, MDBs and DFIs	1,562,673	-	205,950	1,768,623
Total	**21,873,024**	**405,095**	**43,258,098**	**65,536,217**

Table 13(b): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2015				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Takaful Operators, Securities Firms & Fund Managers	-	-	1,022	1,022
Corporate	-	-	3,109,508	3,109,508
Sovereign/Central Banks	1,442,903	-	12,033,062	13,475,964
Banks, MDBs and DFIs	403,972	-	-	403,972
Total	**1,846,874**	**-**	**15,143,592**	**16,990,467**
2014				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Takaful Operators, Securities Firms & Fund Managers	-	-	6,432	6,432
Corporate	-	-	1,092,010	1,092,010
Sovereign/Central Banks	828,375	-	11,854,560	12,682,935
Banks, MDBs and DFIs	170,915	-	11,000	181,915
Total	**999,290**	**-**	**12,964,002**	**13,963,292**

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

Table 13(c): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMBIBG

	CIMBIBG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2015				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	15,571	15,571
Corporate	-	-	47,268	47,268
Sovereign/Central Banks	-	-	881,584	881,584
Banks, MDBs and DFIs	1,565,754	-	117	1,565,871
Total	**1,565,754**	**-**	**944,540**	**2,510,294**
2014				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	18,236	18,236
Corporate	-	-	41,457	41,457
Sovereign/Central Banks	-	-	941,910	941,910
Banks, MDBs and DFIs	1,410,992	-	89	1,411,082
Total	**1,410,992**	**-**	**1,001,693**	**2,412,685**

Table 14(a): Disclosures of Securitisation under SA according to Ratings by ECAIs for CIMBBG

	CIMBBG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2015				
On and Off-Balance-Sheet Exposures				
Securitisation	473,270	-	-	**473,270**
2014				
On and Off-Balance-Sheet Exposures				
Securitisation	560,482	-	-	**560,482**

Table 14(b): Disclosures of Securitisation under SA according to Ratings by ECAIs for CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2015				
On and Off-Balance-Sheet Exposures				
Securitisation	54,395	-	-	**54,395**
2014				
On and Off-Balance-Sheet Exposures				
Securitisation	3,485	-	-	**3,485**

As at 31 December 2015 and 31 December 2014, there is no Securitisation under SA according to Ratings by ECAIs for CIMBIBG.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH

CIMBBG and CIMBISLG adopt the A-IRB Approach for its retail exposures and F-IRB Approach for its non-retail exposures. The IRB Approach allows CIMBBG and CIMBISLG to adopt various rating systems to measure its credit risk to both retail and non-retail exposures. The internal risk rating systems are used not only for regulatory capital purposes, but also for credit approval and risk management reporting.

For retail exposures, application scorecards are integral to the credit approval process. Credit officers use scorecard outputs in the determination of approval of a credit application. Behavioural scorecards are used to determine the future conduct of the account for collection and limit management purposes.

For non-retail exposures, internal ratings are used to assist the approving committees in making informed decisions of the credit application. Product owners consult GRD for input on internal rating for consideration on pricing of product.

The models used in the internal rating systems are subject to strict governance and controls. The models are developed and maintained by GRD with input from business units to ensure that material risks are captured. Before the models are implemented, they are subject to approval by GRC and subsequently BRC. After implementation, the models are subject to regular performance monitoring to ensure that they continue to perform as expected and the risk parameters remain appropriate.

New models are assessed by a validation team, which is independent from the development team, to ensure robustness of the model development process, completeness of the documentation, and accuracy of the risk estimates. The validation exercise also ensures that the models meet regulatory standards. Existing models are assessed on an annual basis by the validation team to ensure that the models continue to be appropriate and the risk estimates continue to be accurate.

Retail Exposures
Retail exposures are portfolio in large numbers of similarly managed exposures due to homogeneous characteristics. This applies to both exposures to individuals as well as exposures to small businesses which are managed on a pooled basis. The exposure of a single retail facility is typically low and usually referred to as program lending/financing.

Retail exposures covered under the A-IRB Approach include credit cards, auto loans/financing, Xpress Cash, residential mortgages and business premises loans/financing. The PDs of these exposures are typically estimated from the outputs of application scorecards for newer customers and behavioural scorecards for older customers. The models deployed for retail portfolio include application and behavioural scorecards or application and behavioural models, PD, LGD and EAD segmentation.

(a) PD, LGD and EAD Segmentation Models for Retail Exposures

The risk estimates are generally developed based on internal historical data and complies with BNM guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets). However, in instances of insufficient historical data, the respective models risk estimate is developed based on expert judgment or aligned to available industry data with margins of conservatism applied.

PD Calibration

- PD is defined as the probability of a borrower/customer defaulting within a one year time horizon.
- PD estimated for each pool must be representative of long term average. In the event the internal historical data is not sufficient to cover an economic cycle, appropriate adjustment (via Cycle Scaling Factor) will be incorporated based on proxy data which are relevant and of longer history to derive the long term average PD, which is normally referred to as "Central Tendency".

EAD Estimation

- EAD represents the expected level of usage of the facility when default occurs.
- The EAD for retail exposures is generally based on the respective portfolio's summed outstanding exposure including any undrawn balances, and for revolving exposures such as credit card receivables, each loan's/financing's EAD estimation includes the estimated net additional drawings for loans/financing defaulting over the next 12 months.

LGD Estimation

- LGD is the estimated amount of loss expected if a loan/financing defaults, calculated as a percentage of EAD. The value depends on the collateral (if any) and other factors (internal, external, direct and indirect costs associated with recoveries).
- LGD for retail exposures is estimated based on historical internal data and the following sources of recoveries are incorporated into the estimation:

(i) Regularisation of defaulted accounts.
(ii) Sale proceeds from physical collaterals.
(iii) Cash receipts from borrowers/customers.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Retail Exposures (Continued)

The following tables summarise the retail credit exposures measured under A-IRB Approach as at 31 December 2015 and 31 December 2014:

Table 15(a): Retail Credit Exposures by PD Band for CIMBBG

	CIMBBG			
(RM'000) PD Range of Retail Exposures	**0% ≤ PD < 2%**	**2% ≤ PD < 100%**	**100% Or Default**	**Total**
2015				
Total Retail Exposure	**98,208,869**	**11,558,794**	**1,742,867**	**111,510,531**
Residential Mortgage/RRE Financing	54,824,152	2,719,384	863,666	58,407,202
QRRE	8,939,656	4,420,087	106,403	13,466,147
Hire Purchase	11,868,288	2,278,737	269,443	14,416,468
Other Retail	22,576,773	2,140,587	503,354	25,220,714
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	23%	29%	
QRRE	89%	89%	89%	
Hire Purchase	52%	54%	58%	
Other Retail	28%	33%	69%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	29%	87%	93%	
QRRE	30%	131%	204%	
Hire Purchase	52%	91%	162%	
Other Retail	27%	52%	248%	
2014				
Total Retail Exposure	**90,174,036**	**12,013,707**	**1,844,283**	**104,032,026**
Residential Mortgage/RRE Financing	50,911,309	2,891,511	877,408	54,680,228
QRRE	8,152,466	4,342,188	75,271	12,569,925
Hire Purchase	11,173,174	2,715,913	336,351	14,225,438
Other Retail	19,937,086	2,064,096	555,253	22,556,435
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	24%	33%	
QRRE	89%	89%	89%	
Hire Purchase	52%	54%	57%	
Other Retail	27%	33%	67%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	30%	88%	51%	
QRRE	30%	128%	107%	
Hire Purchase	52%	95%	283%	
Other Retail	26%	52%	209%	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Retail Exposures (Continued)

Table 15(b): Retail Credit Exposures by PD Band for CIMBISLG

	CIMBISLG			
(RM'000) PD Range of Retail Exposures	**0% ≤ PD < 2%**	**2% ≤ PD < 100%**	**100% Or Default**	**Total**
2015				
Total Retail Exposure	**16,550,415**	**1,664,260**	**238,500**	**18,453,175**
RRE Financing	9,607,678	391,352	86,847	10,085,876
QRRE	113,546	92,807	2,263	208,616
Hire Purchase	3,622,292	571,209	108,448	4,301,949
Other Retail	3,206,900	608,892	40,942	3,856,734
Exposure Weighted Average LGD				
RRE Financing	24%	25%	29%	
QRRE	90%	90%	90%	
Hire Purchase	52%	55%	58%	
Other Retail	30%	41%	59%	
Exposure Weighted Average Risk Weight				
RRE Financing	30%	83%	73%	
QRRE	34%	128%	-	
Hire Purchase	53%	97%	164%	
Other Retail	31%	66%	172%	
2014				
Total Retail Exposure	**15,117,177**	**1,628,766**	**266,395**	**17,012,338**
RRE Financing	8,029,338	265,918	79,169	8,374,426
QRRE	106,201	93,176	1,912	201,289
Hire Purchase	4,397,587	742,485	148,468	5,288,540
Other Retail	2,584,051	527,187	36,846	3,148,084
Exposure Weighted Average LGD				
RRE Financing	24%	24%	33%	
QRRE	90%	90%	90%	
Hire Purchase	52%	54%	57%	
Other Retail	26%	43%	62%	
Exposure Weighted Average Risk Weight				
RRE Financing	30%	94%	46%	
QRRE	34%	127%	-	
Hire Purchase	52%	104%	292%	
Other Retail	28%	72%	157%	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Retail Exposures (Continued)

Table 16(a): Retail Exposures under the IRB Approach by Expected Loss Range for CIMBBG

	CIMBBG			
(RM'000) EL Range of Retail Exposures	**EL ≤ 1%**	**1% < EL < 100%**	**EL = 100%**	**Total**
2015				
Total Retail Exposure	**98,572,772**	**12,828,146**	**109,613**	**111,510,531**
Residential Mortgage/RRE Financing	56,094,918	2,250,240	62,045	58,407,202
QRRE	6,767,971	6,698,176	-	13,466,147
Hire Purchase	11,867,201	2,547,535	1,732	14,416,468
Other Retail	23,842,682	1,332,195	45,836	25,220,714
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	26%	38%	
QRRE	89%	89%	-	
Hire Purchase	52%	54%	62%	
Other Retail	28%	51%	74%	
2014				
Total Retail Exposure	**90,863,156**	**13,016,525**	**152,344**	**104,032,026**
Residential Mortgage/RRE Financing	52,289,869	2,299,316	91,042	54,680,228
QRRE	6,269,720	6,300,205	-	12,569,925
Hire Purchase	11,145,195	3,079,379	865	14,225,438
Other Retail	21,158,372	1,337,625	60,437	22,556,435
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	27%	39%	
QRRE	89%	89%	-	
Hire Purchase	52%	54%	58%	
Other Retail	27%	50%	69%	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Retail Exposures (Continued)

Table 16(b): Retail Exposures under the IRB Approach by Expected Loss Range for CIMBISLG

	CIMBISLG			
(RM'000) EL Range of Retail Exposures	**EL ≤ 1%**	**1% < EL < 100%**	**EL = 100%**	**Total**
2015				
Total Retail Exposure	**17,029,160**	**1,423,125**	**890**	**18,453,175**
RRE Financing	9,799,452	286,402	22	10,085,876
QRRE	70,995	137,621	-	208,616
Hire Purchase	3,622,397	679,140	411	4,301,949
Other Retail	3,536,315	319,962	456	3,856,734
Exposure Weighted Average LGD				
RRE Financing	24%	26%	15%	
QRRE	90%	90%	-	
Hire Purchase	52%	56%	59%	
Other Retail	30%	57%	94%	
2014				
Total Retail Exposure	**15,427,430**	**1,584,206**	**703**	**17,012,338**
RRE Financing	8,122,020	252,384	22	8,374,426
QRRE	62,418	138,871	-	201,289
Hire Purchase	4,392,435	895,783	322	5,288,540
Other Retail	2,850,556	297,169	358	3,148,084
Exposure Weighted Average LGD				
RRE Financing	24%	28%	15%	
QRRE	90%	90%	-	
Hire Purchase	52%	55%	55%	
Other Retail	26%	62%	100%	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Non-retail Exposures

Non-retail exposures covered under the F-IRB Approach include foreign sovereigns, corporates (Specialised Lending/Financing uses supervisory slotting criteria), SMEs and banks. The PDs of these exposures are estimated from internal ratings assigned across a spectrum of risk levels on a master scale. Each internal rating has a corresponding 1-year average PD and a likely corresponding regulatory loan/financing classification. The LGDs of these exposures are assigned as per the CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets); that is an LGD of 45% for senior exposures and 75% for subordinated exposures, with appropriate adjustments for eligible collateral.

The process by which an internal rating is assigned to an obligor is governed by the Group Credit Risk Rating Methodology. Firstly, a risk model uses a weighted combination of quantitative and qualitative risk factors to generate an initial rating. The quantitative risk factors and weights are derived through statistical techniques and the qualitative risk factors and weights are derived through deliberation with credit experts. The initial rating may subsequently be upgraded or downgraded based on a predefined set of criteria, such as quality of financial statements and support from a parent entity. Finally, an approving authority deliberates before deciding on a final rating. If a facility is guaranteed by one or more corporate guarantors, then the framework recognises the credit risk mitigation by substituting the obligor rating with the corporate guarantor's rating.

The following tables summarise the Group's non-retail credit exposures measured under F-IRB Approach as at 31 December 2015 and 31 December 2014:

Table 17(a): Credit Exposures Subject to Supervisory Risk Weight under IRB Approach for CIMBBG

	CIMBBG					
(RM'000) Supervisory Categories	**Strong**	**Good**	**Satisfactory**	**Weak**	**Default**	**Total**
2015						
Project Finance	189,060	1,146,498	104,584	52,743	1,392,307	2,885,192
Object Finance	220,848	27,844	174,514	-	7,750	430,956
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	3,005,818	7,240,162	577,199	142,563	1,932	10,967,672
RWA	**1,964,615**	**6,622,384**	**984,742**	**488,264**	**-**	**10,060,005**
2014						
Project Finance	130,871	641,650	136,808	116,646	1,219,331	2,245,307
Object Finance	8,082	39,503	188,361	-	-	235,947
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	899,177	6,100,480	248,870	249,277	3,159	7,500,962
RWA	**696,954**	**5,799,206**	**660,145**	**914,809**	**-**	**8,071,113**

Basel II Pillar 3 Disclosures
Credit Risk

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Non-retail Exposures (Continued)

Table 17(b): Credit Exposures Subject to Supervisory Risk Weight under IRB Approach for CIMBISLG

	CIMBISLG					
(RM'000) Supervisory Categories	**Strong**	**Good**	**Satisfactory**	**Weak**	**Default**	**Total**
2015						
Project Finance	117,664	-	-	-	-	117,664
Object Finance	220,848	-	34,272	-	-	255,120
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	368,544	820,192	50,359	-	1,932	1,241,026
RWA	**397,697**	**604,121**	**97,326**	**-**	**-**	**1,099,144**
2014						
Project Finance	130,871	-	-	-	-	130,871
Object Finance	-	-	70,795	-	-	70,795
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	40,517	857,068	27,165	17,846	-	942,596
RWA	**117,760**	**733,985**	**112,654**	**44,616**	**-**	**1,009,015**

CIMBBG and CIMBISLG have no exposure to High Volatility Commercial Real Estate and Equities under the Simple Risk Weight Approach.

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Non-retail Exposures (Continued)

Table 18(a): Non Retail Exposures under IRB Approach by Risk Grades for CIMBBG

	CIMBBG				
(RM'000) Internal Risk Grading	**1 - 3**	**4 - 9**	**10 - 13**	**Default**	**Total**
2015					
Total Non-Retail Exposure	**46,885,855**	**65,150,573**	**19,445,778**	**1,718,342**	**133,200,548**
Sovereign/Central Banks	-	-	-	-	-
Bank	21,365,518	2,633,503	35,210	0	24,034,231
Corporate (excluding Specialised Lending/Financing)	25,520,337	62,517,070	19,410,568	1,718,341	109,166,316
Exposure Weighted Average LGD					
Sovereign/Central Banks	-	-	-	-	
Bank	35%	29%	45%	45%	
Corporate (excluding Specialised Lending/Financing)	45%	37%	31%	42%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	-	-	-	-	
Bank	15%	30%	137%	-	
Corporate (excluding Specialised Lending/Financing)	17%	64%	92%	-	
2014					
Total Non-Retail Exposure	**54,705,075**	**54,071,344**	**17,700,070**	**1,712,333**	**128,188,822**
Sovereign/Central Banks	-	-	-	-	-
Bank	31,674,036	4,591,859	27,470	-	36,293,364
Corporate (excluding Specialised Lending/Financing)	23,031,039	49,479,485	17,672,600	1,712,333	91,895,457
Exposure Weighted Average LGD					
Sovereign/Central Banks	-	-	-	-	
Bank	43%	41%	45%	45%	
Corporate (excluding Specialised Lending/Financing)	45%	38%	34%	43%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	-	-	-	-	
Bank	20%	46%	136%	-	
Corporate (excluding Specialised Lending/Financing)	18%	66%	105%	-	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Non-retail Exposures (Continued)

Table 18(b): Non Retail Exposures under IRB Approach by Risk Grades for CIMBISLG

	CIMBISLG				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
2015					
Total Non-Retail Exposure	**6,134,332**	**5,912,879**	**3,046,605**	**184,676**	**15,278,491**
Bank	1,402,381	22,439	1,530	-	1,426,351
Corporate (excluding Specialised Financing)	4,731,951	5,890,440	3,045,075	184,676	13,852,141
Exposure Weighted Average LGD					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	45%	42%	38%	40%	
Exposure Weighted Average Risk Weight					
Bank	19%	44%	126%	-	
Corporate (excluding Specialised Financing)	15%	75%	107%	-	
2014					
Total Non-Retail Exposure	**3,929,570**	**6,717,964**	**2,222,183**	**186,681**	**13,056,398**
Bank	1,559,241	33,921	1,050	-	1,594,212
Corporate (excluding Specialised Financing)	2,370,328	6,684,043	2,221,133	186,681	11,462,186
Exposure Weighted Average LGD					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	45%	43%	39%	41%	
Exposure Weighted Average Risk Weight					
Bank	18%	47%	137%	-	
Corporate (excluding Specialised Financing)	12%	71%	111%	-	

CREDIT RISK - DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

Expected Losses versus Actual Losses by Portfolio Types

The following table summarises the expected losses versus actual losses by portfolio type:

Table 19(a): Analysis of Expected Loss versus Actual Losses by Portfolio Types for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000) Exposure Class	Regulatory Expected Losses as at 31 December 2014	Actual Losses for the year ended 31 December 2015	Regulatory Expected Losses as at 31 December 2013	Actual Losses for the year ended 31 December 2014
Sovereign	-	-	671	-
Bank	14,261	0	16,083	-
Corporate	711,739	24,075	613,476	200,739
Mortgage/RRE Financing	192,751	(2,729)	193,967	48,693
HPE	228,499	130,561	296,073	64,750
QRRE	440,631	152,836	390,620	134,049
Other Retail	108,912	(25,225)	126,498	(22,682)
Total	**1,696,793**	**279,518**	**1,637,388**	**425,548**

Table 19(b): Analysis of Expected Loss versus Actual Losses by Portfolio Types for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000) Exposure Class	Regulatory Expected Losses as at 31 December 2014	Actual Losses for the year ended 31 December 2015	Regulatory Expected Losses as at 31 December 2013	Actual Losses for the year ended 31 December 2014
Sovereign	-	-	-	-
Bank	371	-	731	-
Corporate	93,492	4,932	87,749	(5,196)
RRE Financing	23,016	593	27,268	981
HPE	82,384	55,534	128,144	50,944
QRRE	8,843	4,743	8,071	4,496
Other Retail	32,238	4,930	30,653	16,730
Total	**240,344**	**70,732**	**282,616**	**67,955**

Actual loss refers to impairment provisions and direct write-offs, if any during the year.

On the other hand, EL measures the loss expected from non-defaulted exposures at the start of the year. It is computed based on the risk parameters of the adopted IRB Approach. While a comparison of actual losses and EL provides some insight of the predictive power of the IRB Approach models used by the Group, the two metrics are not directly comparable due to the differences in methodology.

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

(i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC.

(ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2015, the additional collateral to be posted was RM6,439,500while the amount was RM13,989,200 as at 31 December 2014.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

The following tables disclose the Off-Balance Sheet exposures and CCR as at 31 December 2015 and 31 December 2014:

Table 20(a): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBBG

	CIMBBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
2015				
Direct Credit Substitutes	3,645,454		3,645,454	1,861,047
Transaction Related Contingent Items	4,324,725		2,150,971	1,419,443
Short Term Self Liquidating Trade Related Contingencies	8,201,396		1,640,279	309,118
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	16,865		16,865	16,515
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	766,334,138	8,911,378	16,078,993	7,250,448
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	28,664,516		23,845,475	11,535,319
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,112,762		638,360	573,311
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/ customer's creditworthiness	92,399,594		-	-
Unutilised credit card lines	22,627,657		6,745,294	3,011,932
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	**929,327,106**	**8,911,378**	**54,761,691**	**25,977,133**

Basel II Pillar 3 Disclosures
Credit Risk

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

Table 20(a): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBBG (Continued)

	CIMBBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
2014				
Direct Credit Substitutes	3,461,363		3,461,363	1,896,518
Transaction Related Contingent Items	4,127,672		2,053,832	1,441,679
Short Term Self Liquidating Trade Related Contingencies	5,490,372		1,098,074	553,314
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	200,000		100,000	50,000
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	-		-	-
Foreign Exchange Related Contracts				
One year or less	49,065	-	735	355
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	587,755,969	3,684,917	9,784,351	4,748,085
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	33,902,427		28,058,078	14,130,419
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,723,706		855,733	773,146
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	57,233,801		-	-
Unutilised credit card lines	21,319,299		6,580,581	3,176,481
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	**716,263,674**	**3,684,917**	**51,992,747**	**26,769,997**

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

Table 20(b): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBISLG

	CIMBISLG			
(RM'000) Description	**Principal Amount**	**Positive Fair Value of Derivative Contracts**	**Credit Equivalent Amount**	**Risk-Weighted Assets**
2015				
Direct Credit Substitutes	173,023		173,023	122,135
Transaction Related Contingent Items	516,888		258,444	178,235
Short Term Self Liquidating Trade Related Contingencies	146,447		29,289	11,414
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	21,157,738	278,326	714,094	184,738
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,695,400		3,079,191	1,529,298
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	2,766,516		-	-
Unutilised credit card lines	222,571		93,444	53,705
Off-balance sheet items for securitisation exposures	-		-	-
Total	**28,678,582**	**278,326**	**4,347,486**	**2,079,526**

Basel II Pillar 3 Disclosures
Credit Risk

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

Table 20(b): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBISLG (Continued)

	CIMBISLG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
2014				
Direct Credit Substitutes	137,152		137,152	111,315
Transaction Related Contingent Items	349,549		174,775	124,690
Short Term Self Liquidating Trade Related Contingencies	77,102		15,420	9,601
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	21,109,383	72,431	429,323	102,503
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,706,093		2,990,453	1,553,781
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	87,675		65,756	58,273
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	1,727,274		-	-
Unutilised credit card lines	210,597		89,335	54,879
Off-balance sheet items for securitisation exposures	-		-	-
Total	**27,404,825**	**72,431**	**3,902,214**	**2,015,043**

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

Table 20(c): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBIBG

	CIMBIBG			
(RM'000) Description	**Principal Amount**	**Positive Fair Value of Derivative Contracts**	**Credit Equivalent Amount**	**Risk-Weighted Assets**
2015				
Direct Credit Substitutes	977,644		977,644	488,822
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	161,972	-	15,674	15,622
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	18,394		9,197	8,941
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	**1,158,010**	**-**	**1,002,515**	**513,385**

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

Table 20(c): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBIBG (Continued)

	CIMBIBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
2014				
Direct Credit Substitutes	779,435		779,435	389,717
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	285,897	-	24,653	21,444
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	26,073		13,037	13,020
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	**1,091,405**	**-**	**817,125**	**424,181**

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR) (CONTINUED)

The tables below show the credit derivative transactions that create exposures to CCR (notional value) segregated between own use and client intermediation activities:

Table 21(a): Disclosure on Credit Derivative Transactions for CIMBBG

	CIMBBG			
	2015		2014	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	1,356,115	3,110,468	1,902,439	2,578,991
Client Intermediation Activities	-	400,735	-	474,240
Total	**1,356,115**	**3,511,203**	**1,902,439**	**3,053,231**
Credit Default Swaps	1,356,115	3,110,468	1,902,439	2,578,991
Total Return Swaps	-	400,735	-	474,240
Total	**1,356,115**	**3,511,203**	**1,902,439**	**3,053,231**

Table 21(b): Disclosure on Credit Derivative Transactions for CIMBISLG

	CIMBISLG			
	2015		2014	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	52,260	-	56,900
Total	**-**	**52,260**	**-**	**56,900**
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	52,260	-	56,900
Total	**-**	**52,260**	**-**	**56,900**

Table 21(c): Disclosure on Credit Derivative Transactions for CIMBIBG

	CIMBIBG			
	2015		2014	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	144,800	-	152,200
Total	**-**	**144,800**	**-**	**152,200**
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	144,800	-	152,200
Total	**-**	**144,800**	**-**	**152,200**

CREDIT RISK MITIGATION

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

(i) Collaterals/Securities

All extension of secured credit facilities as deemed prudent should be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

(ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

(iii) Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

(iv) Portfolio diversification for better clarity

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

CREDIT RISK MITIGATION (CONTINUED)

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants as at 31 December 2015 and 31 December 2014:

Table 22(a): Disclosure on Credit Risk Mitigation for CIMBBG

	CIMBBG			
(RM'000) Exposure Class	**Exposures before CRM**	**Exposures Covered by Guarantees/ Credit Derivatives**	**Exposures Covered by Eligible Financial Collateral**	**Exposures Covered by Other Eligible Collateral**
2015				
Performing Exposures				
Sovereign/Central Banks	45,058,836	-	-	-
Public Sector Entities	5,822,206	4,230,085	1,163,772	-
Banks, DFIs & MDBs	27,057,462	-	6,697,251	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,461,564	429,335	1,224,572	-
Corporate	145,127,499	3,373,368	18,527,875	16,688,492
Residential Mortgages/RRE Financing	64,178,704	-	1,242	-
Qualifying Revolving Retail	13,384,416	-	-	-
Hire Purchase	14,147,025	-	-	-
Other Retail	58,652,108	-	12,594,614	-
Securitisation	473,270	-	-	-
Higher Risk Assets	1,512,809	-	-	-
Other Assets	11,164,356	-	-	-
Defaulted Exposures	2,784,140	-	29,580	377,408
Total Exposures	**392,824,396**	**8,032,788**	**40,238,905**	**17,065,900**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK MITIGATION (CONTINUED)

Table 22(a): Disclosure on Credit Risk Mitigation for CIMBBG (Continued)

	CIMBBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2014				
Performing Exposures				
Sovereign/Central Banks	39,223,305	-	-	-
Public Sector Entities	3,731,038	3,209,059	6,684	-
Banks, DFIs & MDBs	38,061,987	-	2,105,992	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,129,090	352,671	312,620	-
Corporate	117,373,378	5,984,519	12,268,952	12,498,610
Residential Mortgages/RRE Financing	59,101,675	-	1,005	-
Qualifying Revolving Retail	12,506,384	-	-	-
Hire Purchase	13,889,087	-	-	-
Other Retail	54,972,052	-	12,266,257	-
Securitisation	560,482	-	-	-
Higher Risk Assets	1,074,955	-	-	-
Other Assets	7,843,713	-	-	-
Defaulted Exposures	2,684,279	-	27,545	319,814
Total Exposures	**353,151,425**	**9,546,249**	**26,989,056**	**12,818,424**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK MITIGATION (CONTINUED)

Table 22(b): Disclosure on Credit Risk Mitigation for CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	**Exposures before CRM**	**Exposures Covered by Guarantees/ Credit Derivatives**	**Exposures Covered by Eligible Financial Collateral**	**Exposures Covered by Other Eligible Collateral**
2015				
Performing Exposures				
Sovereign/Central Banks	13,475,964	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,830,322	-	-	-
Takaful Operators, Securities Firms & Fund Managers	1,022	-	520	-
Corporate	18,385,437	985,393	1,933,724	3,165,206
RRE Financing	9,999,030	-	-	-
Qualifying Revolving Retail	206,353	-	-	-
Hire Purchase	4,193,500	-	-	-
Other Retail	7,101,121	-	16,212	-
Securitisation	54,395	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	49,689	-	-	-
Defaulted Exposures	271,501	-	4,772	68,692
Total Exposures	**55,568,911**	**985,393**	**1,955,228**	**3,233,898**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK MITIGATION (CONTINUED)

Table 22(b): Disclosure on Credit Risk Mitigation for CIMBISLG (Continued)

	CIMBISLG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2014				
Performing Exposures				
Sovereign/Central Banks	12,682,935	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,776,127	-	-	-
Takaful Operators, Securities Firms & Fund Managers	6,432	-	475	-
Corporate	13,509,639	532,700	628,618	1,820,777
RRE Financing	8,295,256	-	-	-
Qualifying Revolving Retail	199,377	-	-	-
Hire Purchase	5,140,072	-	-	-
Other Retail	7,724,733	-	30,105	-
Securitisation	3,485	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	250,029	-	-	-
Defaulted Exposures	317,970	-	4,337	51,468
Total Exposures	**49,906,631**	**532,700**	**663,536**	**1,872,245**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK MITIGATION (CONTINUED)

Table 22(c): Disclosure on Credit Risk Mitigation for CIMBIBG

	CIMBIBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2015				
Performing Exposures				
Sovereign/Central Banks	881,584	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,565,871	-	-	-
Insurance Cos, Securities Firms & Fund Managers	15,571	-	-	-
Corporate	47,268	-	-	-
Residential Mortgages	156,905	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	9,995	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	359,333	-	-	-
Defaulted Exposures	-	-	-	-
Total Exposures	**3,036,527**	-	-	-

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK MITIGATION (CONTINUED)

Table 22(c): Disclosure on Credit Risk Mitigation for CIMBIBG (Continued)

	CIMBIBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2014				
Performing Exposures				
Sovereign/Central Banks	941,910	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,411,082	-	195,890	-
Insurance Cos, Securities Firms & Fund Managers	18,236	-	-	-
Corporate	41,457	-	-	-
Residential Mortgages	77,771	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	84,469	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	462,647	-	-	-
Defaulted Exposures	-	-	-	-
Total Exposures	**3,037,573**	**-**	**195,890**	**-**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

SECURITISATION

THE ROLE CIMB PLAYS IN THE SECURITISATION PROCESS

In the course of its business, CIMB Group has undertaken securitisations of its own originated assets, as well as advised on securitisations of third party assets as part of its debt capital markets services for its clients.

The Group securitises its own assets in order to, amongst others, manage credit risk and to manage term funding for the Group's balance sheet. Typically, CIMB Group undertakes the following roles in the securitisation activities (either singularly or in combination):

- Originator and servicer of securitised assets
- Asset-backed securities marketing, syndication and trading
- Provider of liquidity facilities to self-originated and third-party transactions
- Investor of third-party securitisations (where CIMB is not originator or sponsor)

Up to end-2015, the Group has completed securitisations of corporate bonds/sukuks and auto hire purchase receivables for its own account, and auto hire purchase receivables originated by a joint-venture company, in funded traditional securitisations. CIMB Group does not maintain or act as sponsor of any conduit for the securitisation of third-party receivables.

CIMB'S INVOLVEMENT IN SECURITISATION IN 2015

In 2015, the Group advised, arranged and managed the ninth securitisation issuance via Premium Commerce Berhad, a bankruptcy remote special purpose vehicle established pursuant to a hire purchase receivables securitization programme sponsored by the Tan Chong Group.

All transactions involving securitisation of CIMB Group's assets were tabled to the Board of Directors of the relevant entities for deliberation and approval. For transactions involving the joint venture entity, these transactions were tabled to and approved by the Board of Directors of CIMB Bank and Proton Commerce Sdn Bhd.

In securitisations of its own assets, CIMB Bank continues to administer the assets as servicer for the relevant SPV and monitors the credit and market risk inherent in the underlying assets using the same mechanism in place for non-securitised assets.

SUMMARY OF ACCOUNTING POLICIES FOR SECURITISATION ACTIVITIES

CIMB has sponsored special purpose vehicles (SPVs) pursuant to securitisation activities involving assets of the Group. Such SPVs are consolidated when the substance of the relationship between the Group and that entity indicates control. Potential indicators of control include, inter alia, an assessment of the Group's exposure to the risks and rewards of the assets of the SPV.

Assets that have been transferred wholly or proportionately to an unconsolidated entity will also remain on the Group balance sheet, with a liability recognised for the proceeds received, unless (a) substantially all risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or (b) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised to the extent of the Group's continuing involvement. Other than (a) or (b) above, securitisations are treated as financing in the separate financial statements of these entities.

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ECAIS USED FOR SECURITISATION PROCESS

CIMB may employ external credit assessment institutions to provide ratings for its asset-backed securities. CIMB has used RAM and MARC for securitisations of its own originated assets as well as securitisations for third-party clients for rated transactions. Note: there are transactions for which the investor does not require an external rating and in such instances, the investor performs his own due diligence.

For securitisations of CIMB-originated assets, RAM has rated a securitisation of corporate bonds/sukuks, and MARC has rated a securitisation of auto-hire purchase receivables. Both RAM Ratings and MARC have rated a securitization programme for a joint-venture of auto-hire purchase receivables.

DISCLOSURE ON SECURITISATION FOR TRADING AND BANKING BOOK

The following tables show the disclosure on Securitisation for Trading and Banking Book for 31 December 2015 and 31 December 2014:

Table 23: Disclosure on Securitisation for Trading and Banking Book

	CIMBBG			
(RM'000) Underlying Asset	**Total Exposures Securitised**	**Past Due**	**Impaired**	**Gains/Losses Recognised during the year**
2015				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	14,751	6,552	2,569	1,448
2014				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	75,107	15,101	5,690	1,396

There were no outstanding exposures securitised by CIMBISLG and CIMBIBG as at 31 December 2015 and 31 December 2014.

DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK

The tables below represent the disclosure on Securitisation under the SA for Banking Book:

Table 24(a): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBBG

	CIMBBG											
			Distribution of Exposures after CRM according to Applicable Risk Weights									
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
2015												
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	460,863	-	-	-	460,863	-	-	-	-			92,173
Mezzanine	12,407	-	-	-	12,407	-	-	-	-			2,481
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	**473,270**				**473,270**							**94,654**

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DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

Table 24(a): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBBG (Continued)

	CIMBBG											
			Distribution of Exposures after CRM according to Applicable Risk Weights									
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
2014												
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	549,068	-	-	-	549,068	-	-	-	-			109,814
Mezzanine	11,414	-	-	-	11,414	-	-	-	-			2,283
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	**560,482**	**-**	**-**	**-**	**560,482**	**-**	**-**	**-**	**-**	**-**	**-**	**112,096**

SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

Table 24(b): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBISLG

CIMBISLG												
			Distribution of Exposures after CRM according to Applicable Risk Weights									
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
2015												
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	54,395	-	-	-	54,395	-	-	-	-	-	-	10,879
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
Off-Balance Sheet		-	-	-	-	-	-	-	-	-	-	
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	**54,395**	**-**	**-**	**-**	**54,395**	**-**	**-**	**-**	**-**	**-**	**-**	**10,879**

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SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

Table 24(b): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBISLG (Continued)

CIMBISLG												
			Distribution of Exposures after CRM according to Applicable Risk Weights									
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
2014												
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	3,485	-	-	-	3,485	-	-	-	-			697
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	**3,485**	**-**	**-**	**-**	**3,485**	**-**	**-**	**-**	**-**			**697**

As at 31 December 2015 and 31 December 2014, CIMBIBG has no Securitisation under the SA for Banking Book Exposures.

SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE

The tables below present the Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge:

Table 25: Disclosure on Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge for CIMBBG

	CIMBBG				
(RM'000) Securitisation Exposures	**Total Exposure Value of Positions Purchased or Retained**	**Exposures subject to deduction**	**General Risk Charge**	**Specific Risk Charge**	**Risk-Weighted Assets**
2015					
Traditional Securitisation					
Originated by Third Party					
On-Balance Sheet	990	-	30	20	622
Off-Balance Sheet	-	-	-	-	-
Sub-total	990	-	30	20	622
Originated by Banking Institution					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
Securitisation subject to Early Amortisation					
Seller's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Investor's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
Total (Traditional Securitisation)	**990**	**-**	**30**	**20**	**622**

SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE (CONTINUED)

Table 25: Disclosure on Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge for CIMBBG (Continued)

	CIMBBG				
(RM'000) Securitisation Exposures	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk-Weighted Assets
2014					
Traditional Securitisation					
Originated by Third Party					
On-Balance Sheet	8,437	-	180	169	4,365
Off-Balance Sheet	-	-	-	-	-
Sub-total	8,437	-	180	169	4,365
Originated by Banking Institution					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
Securitisation subject to Early Amortisation					
Seller's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Investor's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
Total (Traditional Securitisation)	**8,437**	**-**	**180**	**169**	**4,365**

As at 31 December 2015 and 31 December 2014, CIMBISLG and CIMBIBG have no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

MARKET RISK

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

MARKET RISK MANAGEMENT

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee and Group Underwriting Committee ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC, GMRC and GUC, supported by the Market Risk Centre of Excellence in GRD is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

CIMB Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/profit rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee and GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, the Market Risk Centre of Excellence undertakes the monitoring and oversight process at Treasury & Markets trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

MARKET RISK MANAGEMENT (CONTINUED)

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions.

CAPITAL TREATMENT FOR MARKET RISK

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on CAF (Basel II-Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

Details on RWA and capital requirements related to Market Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG for the following in Tables 2(a), (b) and (c):

- Interest Rate Risk/Profit Rate Risk;
- Foreign Currency Risk;
- Equity Risk;
- Commodity Risk; and
- Options Risk.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The definition includes legal risk but excludes strategic and reputation risks.

OPERATIONAL RISK MANAGEMENT

CIMB Group recognises that cultivation of an organisational-wide discipline and risk management culture among its staff is the key determinant for a well-managed universal banking operation. Hence, the Group has deployed a set of tools to identify, assess, monitor and control the operational risk inherent in the Group.

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. These risks are managed by CIMB Group through the following key measures:

(i) Sound risk management practices in accordance with Basel II and regulatory guidelines;
(ii) Board and senior management oversight;
(iii) Well-defined responsibilities for all personnel concerned;
(iv) Establishment of a risk management culture; and
(v) Deployment of ORM tools including:
  - Operational Event and Loss Data Management;
  - Risk and Control Self-Assessment;
  - Control Issue Management;
  - Key Risk Indicators; and
  - New Product Approval

These tools form part of the operational risk framework that allows CIMB Group to effectively identify, measure, mitigate and report its operational risks.

Each new or varied product with changes to the process flow are subjected to a rigorous risk review through sign-offs from the relevant stakeholders where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners. The Group's New Product Approval Policy also safeguards and protects the interest of customers through proper regulatory disclosure requirements, the availability of options or choices when the products and services are offered to the public.

The promotion of a risk management culture within the Group whereby the demand for integrity and honesty is non-negotiable remains the core theme in the Group's operational risk awareness programme. The e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

CIMB Group has progressively set the various foundations to move towards Basel II Standardised Approach.

Escalation and reporting processes are well instituted through various management committees, notably the Group Operational Risk Committee and GRC as well as the Board. The responsibilities of the committees and the Board include the following:

(i) Oversight and implementation of the ORMF;
(ii) Establish risk appetite and provide strategic and specific directions;
(iii) Review operational risks reports and profiles regularly;
(iv) Address operational risk issues; and
(v) Ensure compliance to regulatory and internal requirements including disclosures.

Group Internal Audit Division plays its role in ensuring an independent assurance of the implementation of the 'Framework' through their conduct of regular reviews and report to the Board.

CAPITAL TREATMENT FOR OPERATIONAL RISK

The Group adopts the Basic Indicator Approach to compute operational risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

However, the Group is now moving towards the Basel II Standardised Approach where the foundation pillars are in progress. Details on RWA and capital requirements related to Operational Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c).

EQUITY EXPOSURES IN BANKING BOOK

The Group's banking book equity investments consist of:

(i) Strategic stakes in entities held as part of growth initiatives and/or in support of business operations; and
(ii) Investments held for yield and/or long-term capital gains.

The Group's and CIMB's banking book equity investments are classified and measured in accordance with Financial Reporting Standards and are categorised as financial investments available-for-sale in the 2015 financial statements.

Details of the Group's and the CIMB Bank's investments in financial investments available-for-sale are also set out in the financial statements.

Realised and unrealised gains or losses arising from sales and liquidations of equities for CIMBBG for the year ended 31 December 2015 and 31 December 2014 is as follows:

Table 26: Realised Gains/Losses from Sales and Liquidations, and Unrealised Gains of Equities for CIMBBG

(RM'000)	CIMBBG	
	2015	2014
Realised gains		
Shares, private equity funds and unit trusts	13,136	8,831
Unrealised gains		
Shares, private equity funds and unit trusts	619,206	626,028

There were no realised and unrealised gained or losses for equity holdings in banking book for CIMBISLG and CIMBIBG as at 31 December 2015 and 31 December 2014.

The following table shows an analysis of equity investments by appropriate equity groupings and Risk-Weighted assets as at 31 December 2015 and 31 December 2014 for the Group:

Table 27(a): Analysis of Equity Investments by Grouping and RWA for CIMBBG

	CIMBBG			
	2015		2014	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	1,515,297	2,266,701	1,090,241	1,627,718
Publicly traded	11,628	11,628	72,575	72,575
Total	**1,526,925**	**2,278,329**	**1,162,816**	**1,700,293**

Table 27(b): Analysis of Equity Investments by Grouping and RWA for CIMBISLG

	CIMBISLG			
	2015		2014	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	575	863	575	863
Publicly traded	-	-	-	-
Total	**575**	**863**	**575**	**863**

Table 27(c): Analysis of Equity Investments by Grouping and RWA for CIMBIBG

	CIMBIBG			
	2015		2014	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	-	-	-	-
Publicly traded	-	-	-	-
Total	**-**	**-**	**-**	**-**

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

IRRBB/RORBB is defined as the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/benchmark rates. In the context of Pillar 2, this risk is confined to the banking book positions, given that the interest rate risk/rate of return risk in the trading book is covered under the Pillar 1 market risk regulations.

The material sources of IRRBB/RORBB are repricing risk (which arises from timing differences in the maturity and repricing dates of cash flows), yield curve risk (which arises from the changes in both the overall interest rates/benchmark rates and the relative level of rates across the yield curve), basis risk (arises from imperfect correlation between changes in the rates earned and paid on banking book positions), and option risk (arises from interest rate/rate of return related options embedded in banking book products).

IRRBB/RORBB MANAGEMENT

IRRBB/RORBB undertaken by the Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Group. The risk appetite is established by the Board. GALCO is a Board delegated Committee which reports to the GRC. With the support from ALM COE and CBSM, the GALCO is responsible for the review and monitoring of Group's balance sheet, business and hedging strategies, the overall interest rate risk/rate of return risk profile and ensuring that such risk profile is within the established risk appetite. Wholesale Banking is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

IRRBB/RORBB is measured by:

- **Economic Value of Equity (EVE) sensitivity:**

  EVE sensitivity measures the long term impact of sudden interest rate/benchmark rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies interest rate risk/rate of return risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates/benchmark rates. Such measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.

  For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/benchmark rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

IRRBB/RORBB MANAGEMENT (CONTINUED)

- **Economic Value of Equity (EVE) sensitivity (Continued)**

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/benchmark rate shock from economic value perspective:

Table 28(a): IRRBB/RORBB - Impact on Economic Value for CIMBBG

	CIMBBG	
	2015	2014
(RM'000) Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(1,217,785)	(1,226,034)
US Dollar	(167,672)	(38,864)
Thai Baht	(154,698)	(64,002)
Singapore Dollar	(299,953)	(160,048)
Others	(13,772)	(18,781)
Total	**(1,853,880)**	**(1,507,729)**

Table 28(b): RORBB - Impact on Economic Value for CIMBISLG

	CIMBISLG	
	2015	2014
(RM'000) Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(598,093)	(503,184)
US Dollar	15,187	(443)
Thai Baht	(1)	(1)
Singapore Dollar	1	-
Others	154	21
Total	**(582,752)**	**(503,607)**

Table 28(c): IRRBB - Impact on Economic Value for CIMBIBG

	CIMBIBG	
	2015	2014
(RM'000) Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(1,905)	(771)
US Dollar	(198)	(5)
Thai Baht	-	-
Singapore Dollar	(13)	(3)
Others	1	-
Total	**(2,115)**	**(779)**

IRRBB/RORBB MANAGEMENT (CONTINUED)

- **Earnings at Risk (EaR):**

EaR measures the short term impact of sudden interest rate/benchmark rate movement on reported earnings over the next 12 months. It defines and quantifies interest rate risk/rate of return as the change in net interest income/net rate income caused by changes in interest rates/benchmark rates.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/benchmark rate shock is applied to the static balance sheet positions. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/benchmark rate shock from the earnings perspective:

Table 29(a): IRRBB/RORBB - Impact on Earnings for CIMBBG

	CIMBBG	
	2015	**2014**
(RM'000) **Currency**	**+100bps Increase (Decline) in Earnings (Value in RM Equivalent)**	
Ringgit Malaysia	64,792	(48,114)
US Dollar	(21,373)	(1,611)
Thai Baht	(18,786)	2,368
Singapore Dollar	(33,481)	(69,782)
Others	(8,573)	1,782
Total	**(17,421)**	**(115,357)**

Table 29(b): RORBB - Impact on Earnings for CIMBISLG

	CIMBISLG	
	2015	**2014**
(RM'000) **Currency**	**+100bps Increase (Decline) in Earnings (Value in RM Equivalent)**	
Ringgit Malaysia	(73,515)	(118,195)
US Dollar	(6,817)	(5,843)
Thai Baht	13	16
Singapore Dollar	(25)	(11)
Others	(1,568)	1,872
Total	**(81,912)**	**(122,161)**

Table 29(c): IRRBB - Impact on Earnings for CIMBIBG

	CIMBIBG	
	2015	**2014**
(RM'000) **Currency**	**+100bps Increase (Decline) in Earnings (Value in RM Equivalent)**	
Ringgit Malaysia	2,166	1743
US Dollar	(170)	121
Thai Baht	-	-
Singapore Dollar	63	73
Others	(4)	(4)
Total	**2,055**	**1,933**

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