

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

Note	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Assets				
Cash and short term funds	23,677,027	20,188,831	15,251,537	14,159,386
Reverse repurchase agreements	6,965,515	9,558,281	6,965,515	8,404,346
Deposits and placements with banks and other financial institutions	1,840,753	1,440,564	6,278,523	4,694,012
Financial assets held for trading	A6 22,418,482	18,435,955	19,792,505	14,951,772
Derivative financial instruments	A21(i) 10,097,739	11,463,962	7,770,614	8,808,615
Financial investments available-for-sale	A7 26,033,499	28,010,649	21,457,987	22,834,039
Financial investments held-to-maturity	A8 26,062,925	23,707,698	21,704,573	19,389,224
Loans, advances and financing	A9 237,646,257	235,437,884	171,358,394	170,669,912
Other assets	A10 11,784,152	10,857,585	11,101,490	9,846,589
Tax recoverable	11,432	9,612	-	-
Deferred taxation	241,741	289,940	85,630	141,458
Statutory deposits with central banks	7,868,013	7,699,798	6,027,148	6,139,925
Amounts due from holding company and ultimate holding company	3,993	2,803	3,993	2,803
Amount due from subsidiaries	-	-	18,272	40,622
Amount due from related companies	1,277,868	1,272,717	1,274,787	1,269,970
Investment in subsidiaries	-	-	4,660,979	4,674,129
Investment in joint venture	164,954	162,775	125,000	125,000
Investment in associates	875,812	798,095	305,584	305,584
Goodwill	5,062,714	5,114,235	3,555,075	3,555,075
Intangible assets	1,028,911	1,061,134	916,717	942,964
Prepaid lease payments	422	689	-	-
Property, plant and equipment	719,672	787,671	405,239	443,981
Investment properties	1,120	1,120	-	-
	383,783,001	376,301,998	299,059,562	291,399,406
Non-current assets/disposal groups held for sale	4,575	4,575	375	375
Total Assets	383,787,576	376,306,573	299,059,937	291,399,781
Liabilities				
Deposits from customers	A11 262,932,249	263,302,264	196,772,902	198,273,648
Investment accounts of customers	A12 243,200	232,716	-	-
Deposits and placements of banks and other financial institutions	A13 27,611,180	22,062,752	25,749,116	20,176,311
Repurchase agreements	7,430,948	7,905,919	7,418,916	7,889,260
Financial liabilities designated at fair value	A14 4,723,781	4,952,771	2,399,968	2,848,922
Derivative financial instruments	A21(i) 10,578,341	11,880,534	8,384,012	9,097,934
Bills and acceptances payable	1,201,472	1,024,296	783,603	686,487
Amount due to subsidiaries	-	-	473,441	34,647
Amount due to related companies	4,923	24,652	1,190	15,561
Other liabilities	A15 8,639,447	6,862,848	7,992,367	5,587,706
Recourse obligation on loans and financing sold to Cagamas	4,161,054	1,817,816	2,807,847	1,315,448
Provision for taxation and Zakat	137,607	147,739	71,303	104,203
Deferred taxation	1,418	2,490	-	-
Bonds and debentures	8,233,993	9,868,655	5,663,759	6,576,072
Other borrowings	3,108,801	2,752,792	3,108,801	2,752,792
Subordinated obligations	11,966,285	11,169,604	10,191,338	9,117,067
Total Liabilities	350,974,699	344,007,848	271,818,563	264,476,058
Equity				
Capital and reserves attributable to owners of the Parent				
Ordinary share capital	5,148,084	5,148,084	5,148,084	5,148,084
Reserves	27,039,727	26,518,218	21,863,550	21,545,899
	32,187,811	31,666,302	27,011,634	26,693,983
Perpetual preference shares	200,000	200,000	200,000	200,000
Redeemable preference shares	29,740	29,740	29,740	29,740
Non-controlling interests	395,326	402,683	-	-
Total Equity	32,812,877	32,298,725	27,241,374	26,923,723
Total Equity and Liabilities	383,787,576	376,306,573	299,059,937	291,399,781
Commitments and contingencies	A21(ii) 919,122,352	865,417,801	655,843,677	616,440,947
Net assets per ordinary share attributable to owners of the Parent (RM)	6.25	6.15	5.25	5.19

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

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

GROUP	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Interest income	A16	3,038,242	2,861,650	6,093,096	5,631,046
Interest expense	A17	(1,508,666)	(1,305,730)	(2,988,443)	(2,609,199)
Net interest income		1,529,576	1,555,920	3,104,653	3,021,847
Income from Islamic Banking operations	A25(b)	350,182	340,520	723,380	670,333
Net non-interest income	A18	694,950	745,273	1,168,036	1,358,079
Net income		2,574,708	2,641,713	4,996,069	5,050,259
Overheads	A19	(1,237,373)	(1,550,036)	(2,489,044)	(2,809,977)
Profit before allowances		1,337,335	1,091,677	2,507,025	2,240,282
Allowances for impairment losses on loans, advances and financing	A20	(245,390)	(208,270)	(359,417)	(380,971)
Allowances for losses on other receivables (made)/written-back		(4,535)	1,496	(7,332)	(217)
Allowances for other impairment losses		(45,706)	(4,138)	(45,587)	(3,931)
Profit after allowances		1,041,704	880,765	2,094,689	1,855,163
Share of results of joint venture		1,154	1,179	2,178	1,640
Share of results of associates		28,745	29,443	77,719	44,546
Profit before taxation		1,071,603	911,387	2,174,586	1,901,349
Taxation		(250,497)	(201,313)	(486,723)	(398,689)
Profit for the financial period		821,106	710,074	1,687,863	1,502,660
Profit for the financial period attributable to:					
Owners of the Parent		821,747	708,599	1,684,896	1,498,706
Non-controlling interests		(641)	1,475	2,967	3,954
		821,106	710,074	1,687,863	1,502,660
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	15.96	14.79	32.73	31.29

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

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

GROUP	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended	30 June 2015	Six Months Ended	30 June 2015
	30 June 2016	RM'000	30 June 2016	RM'000
Profit for the financial period	821,106	710,074	1,687,863	1,502,660
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	42,958	13,400	109,054	144,772
- Net gain from change in fair value	77,948	61,419	165,754	251,638
- Realised gain transferred to statement of income on disposal and impairment	(35,377)	(36,645)	(78,222)	(72,262)
- Income tax effects	6,275	(11,108)	7,951	(37,830)
- Currency translation difference	(5,888)	(266)	13,571	3,226
Net investment hedge	(79,853)	(148,931)	146,012	(351,629)
Cash flow hedge	16,592	(5,755)	23,272	(7,180)
- Net gain/(loss) from change in fair value	22,741	(6,913)	32,277	(9,247)
- Income tax effects	(6,149)	1,158	(9,005)	2,067
Exchange fluctuation reserve	304,601	61,589	(463,913)	539,784
Share of other comprehensive expense of associate	-	(7,136)	-	(595)
	284,298	(86,833)	(185,575)	325,152
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(619)	203	810	(545)
- Currency translation difference	(619)	203	810	(545)
Other comprehensive income/(expense) for the period, net of tax	283,679	(86,630)	(184,765)	324,607
Total comprehensive income for the financial period	1,104,785	623,444	1,503,098	1,827,267
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,101,488	625,063	1,509,121	1,815,080
Non-controlling interests	3,297	(1,619)	(6,023)	12,187
	1,104,785	623,444	1,503,098	1,827,267

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

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

	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<u>BANK</u>					
Interest income	A16	2,639,359	2,469,538	5,272,998	4,846,127
Interest expense	A17	(1,388,108)	(1,153,622)	(2,730,248)	(2,290,550)
Net interest income		1,251,251	1,315,916	2,542,750	2,555,577
Income from Islamic Banking operations	A25(b)	16,164	22,579	49,646	37,908
Net non-interest income	A18	626,910	682,386	978,630	1,201,157
Net income		1,894,325	2,020,881	3,571,026	3,794,642
Overheads	A19	(899,407)	(1,201,514)	(1,793,117)	(2,111,822)
Profit before allowances		994,918	819,367	1,777,909	1,682,820
Allowances for impairment losses on loans, advances and financing	A20	(72,529)	(63,001)	(94,624)	(113,168)
Allowances for losses on other receivables (made)/written-back		(4,459)	1,550	(7,286)	(120)
Allowances for other impairment losses		(45,706)	(4,145)	(45,587)	(3,902)
Profit before taxation		872,224	753,771	1,630,412	1,565,630
Taxation		(198,532)	(153,216)	(374,260)	(306,543)
Profit for the financial period		673,692	600,555	1,256,152	1,259,087
Earnings per share - basic (sen)	B3	13.09	12.54	24.40	26.29

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

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

<u>BANK</u>	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	673,692	600,555	1,256,152	1,259,087
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	68,436	32,354	120,477	157,629
- Net gain from change in fair value	94,981	53,578	123,629	222,033
- Realised gain transferred to statement of income on disposal and impairment	(21,272)	(10,825)	(22,702)	(30,963)
- Income tax effects	(548)	(10,091)	6,443	(33,191)
- Currency translation difference	(4,725)	(308)	13,107	(250)
Net investment hedge	(62,800)	(148,931)	157,706	(351,629)
Cash flow hedge	16,592	(5,755)	23,272	(7,180)
- Net gain/(loss) from change in fair value	22,741	(6,913)	32,277	(9,247)
- Income tax effects	(6,149)	1,158	(9,005)	2,067
Exchange fluctuation reserve	153,447	102,892	(252,823)	233,390
Other comprehensive income/(expense) for the period, net of tax	175,675	(19,440)	48,632	32,210
Total comprehensive income for the financial period	849,367	581,115	1,304,784	1,291,297

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

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

The Group	Attributable to owners of the Parent																
	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-		Capital reserve	Hedging reserve	Regulatory reserve	Share-based payment reserve	Defined benefits reserve	Retained profits	Total	Perpetual preference shares	Non-controlling interests	Total Equity
	Share capital	Preference Shares				financial investments available-for-sale	Merger deficit										
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	1,019,502	58,280	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,684,896	1,684,896	-	2,967	1,687,863
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(456,074)	110,513	-	-	169,284	-	(308)	810	-	(175,775)	-	(8,990)	(184,765)
- financial investments available-for-sale	-	-	-	-	-	110,513	-	-	-	-	-	-	-	110,513	-	(1,459)	109,054
- net investment hedge	-	-	-	-	-	-	-	-	146,012	-	-	-	-	146,012	-	-	146,012
- cash flow hedge	-	-	-	-	-	-	-	-	23,272	-	-	-	-	23,272	-	-	23,272
- currency translation difference	-	-	-	-	(456,074)	-	-	-	-	-	(308)	-	-	(456,382)	-	(7,531)	(463,913)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	810	-	810	-	-	810
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(456,074)	110,513	-	-	169,284	-	(308)	810	1,684,896	1,509,121	-	(6,023)	1,503,098
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	139,100	-	-	-	(139,100)	-	-	-	-
Transfer to statutory reserve	-	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,270	-	-	23,270	-	-	23,270
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,334)	(1,334)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(44,329)	-	-	(44,329)	-	-	(44,329)
At 30 June 2016	5,148,084	29,740	10,363,629	6,696,525	1,485,328	157,426	(1,085,928)	735,457	(1,160,831)	1,158,602	36,913	(21,196)	8,673,802	32,217,551	200,000	395,326	32,812,877
At 1 January 2015	4,787,023	29,740	8,898,945	5,839,094	541,793	275,761	(1,085,928)	735,457	(316,382)	593,795	57,542	(10,548)	7,668,320	28,014,612	200,000	351,695	28,566,307
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,498,706	1,498,706	-	3,954	1,502,660
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	530,877	143,935	-	-	(358,809)	-	916	(545)	-	316,374	-	8,233	324,607
- financial investments available-for-sale	-	-	-	-	-	144,530	-	-	-	-	-	-	-	144,530	-	242	144,772
- net investment hedge	-	-	-	-	-	-	-	-	(351,629)	-	-	-	-	(351,629)	-	-	(351,629)
- cash flow hedge	-	-	-	-	-	-	-	-	(7,180)	-	-	-	-	(7,180)	-	-	(7,180)
- currency translation difference	-	-	-	-	530,877	-	-	-	-	-	916	-	-	531,793	-	7,991	539,784
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(545)	-	(545)	-	-	(545)
- share of other comprehensive income of associate	-	-	-	-	-	(595)	-	-	-	-	-	-	-	(595)	-	-	(595)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	530,877	143,935	-	-	(358,809)	-	916	(545)	1,498,706	1,815,080	-	12,187	1,827,267
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	167,341	-	-	-	(167,341)	-	-	-	-
Transfer to statutory reserve	-	-	-	47,393	-	-	-	-	-	-	-	-	(47,393)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,946	-	-	31,946	-	-	31,946
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	-	(753,000)	(753,000)	-	-	(753,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,068)	(1,068)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(29,817)	-	-	(29,817)	-	-	(29,817)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647	-	-	545,647
At 30 June 2015	4,896,591	29,740	9,335,024	5,886,487	1,072,670	419,696	(1,085,928)	735,457	(675,191)	761,136	60,587	(11,093)	8,199,292	29,624,468	200,000	362,814	30,187,282

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

The Bank	← Non-distributable →										Distributable		Total Equity RM'000	
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000		Perpetual preference shares RM'000
At 1 January 2016	5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	958,545	55,148	4,594,225	200,000	26,923,723
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,256,152	-	1,256,152
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(252,624)	120,477	-	-	180,978	-	(199)	-	-	48,632
- financial investments available-for-sale	-	-	-	-	-	120,477	-	-	-	-	-	-	-	120,477
- net investment hedge	-	-	-	-	-	-	-	157,706	-	-	-	-	-	157,706
- cash flow hedge	-	-	-	-	-	-	-	23,272	-	-	-	-	-	23,272
- currency translation difference	-	-	-	-	(252,624)	-	-	-	-	-	(199)	-	-	(252,823)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(252,624)	120,477	-	-	180,978	-	(199)	1,256,152	-	1,304,784
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	66,085	-	-	(66,085)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	21,307	-	-	-	21,307
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(41,887)	-	-	-	(41,887)
At 30 June 2016	5,148,084	29,740	10,363,629	5,806,237	650,592	177,498	(1,047,872)	746,852	(710,124)	1,024,630	34,369	4,817,739	200,000	27,241,374
At 1 January 2015	4,787,023	29,740	8,898,945	5,119,366	245,317	220,441	(1,047,872)	746,852	(227,853)	593,795	55,626	4,469,361	200,000	24,090,741
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,259,087	-	1,259,087
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	232,546	157,629	-	-	(358,809)	-	844	-	-	32,210
- financial investments available-for-sale	-	-	-	-	-	157,629	-	-	-	-	-	-	-	157,629
- net investment hedge	-	-	-	-	-	-	-	(351,629)	-	-	-	-	-	(351,629)
- cash flow hedge	-	-	-	-	-	-	-	(7,180)	-	-	-	-	-	(7,180)
- currency translation difference	-	-	-	-	232,546	-	-	-	-	-	844	-	-	233,390
Total comprehensive income/(expenses) for the financial period	-	-	-	-	232,546	157,629	-	-	(358,809)	-	844	1,259,087	-	1,291,297
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	117,611	-	(117,611)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	30,725	-	-	30,725
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(753,000)	-	(753,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(28,357)	-	-	(28,357)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647
At 30 June 2015	4,896,591	29,740	9,335,024	5,119,366	477,863	378,070	(1,047,872)	746,852	(586,662)	711,406	58,838	4,857,837	200,000	25,177,053

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

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

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit before taxation	2,174,586	1,901,349	1,630,412	1,565,630
Adjustments for non-operating and non-cash items	<u>474,950</u>	<u>(1,164,836)</u>	<u>18,875</u>	<u>(1,511,106)</u>
Operating profit before changes in working capital	2,649,536	736,513	1,649,287	54,524
Net changes in operating assets	<u>(5,117,639)</u>	<u>(17,282,297)</u>	<u>(6,462,507)</u>	<u>(14,193,585)</u>
Net changes in operating liabilities	<u>5,671,645</u>	<u>19,634,912</u>	<u>5,845,212</u>	<u>16,574,944</u>
	554,006	2,352,615	(617,295)	2,381,359
Cash flows generated from operations	<u>3,203,542</u>	<u>3,089,128</u>	<u>1,031,992</u>	<u>2,435,883</u>
Taxation paid	<u>(444,928)</u>	<u>(428,105)</u>	<u>(349,949)</u>	<u>(333,172)</u>
Net cash flows generated from operating activities	2,758,614	2,661,023	682,043	2,102,711
Net cash flows generated from/(used in) investing activities	563,573	(6,868,019)	(73,250)	(5,284,421)
Net cash flows generated from financing activities	1,053,176	1,209,133	1,149,835	819,184
Net increase/(decrease) in cash and cash equivalents	<u>4,375,363</u>	<u>(2,997,863)</u>	<u>1,758,628</u>	<u>(2,362,526)</u>
Effects of exchange rate changes	(887,167)	936,901	(666,477)	680,855
Cash and cash equivalents at the beginning of financial period	20,188,831	25,456,055	14,159,386	21,435,099
Cash and cash equivalents at end of financial period	<u>23,677,027</u>	<u>23,395,093</u>	<u>15,251,537</u>	<u>19,753,428</u>

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

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

- Annual improvement to MFRSs 2012 - 2014 Cycle
 - Amendment to MFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”
 - Amendment to MFRS 7, “Financial Instruments: Disclosure – Servicing contracts”
 - Amendment to MFRS 7, “Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements”
 - Amendment to MFRS 119, “Employee Benefits”
 - Amendments to MFRS 134, “Interim Financial Reporting”

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

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

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

PART A - EXPLANATORY NOTES

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

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

d) On 18 May 2016, CIMB Bank Berhad issued CNY130 million 3-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 18 May 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.2% per annum payable annually.

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

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

g) On 20 July 2016, CIMB Bank Berhad issued CNY130 million 3-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 20 July 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.95% per annum payable annually.

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

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

A4. DIVIDENDS PAID

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

The Directors have proposed a single tier first interim dividend of approximately 27.40 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM815 million in respect of the financial year ending 31 December 2016.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	454,612	634,713	454,612	634,713
Cagamas bonds	127,821	45,925	127,821	45,925
Malaysian Government treasury bills	-	47,739	-	32,878
Other Government securities	2,696,966	734,310	2,696,966	734,310
Other Government treasury bills	7,334,178	4,937,468	7,334,178	4,937,468
Bank Negara Malaysia Monetary Notes	-	20,914	-	996
Negotiable instruments of deposit	4,371,825	4,747,035	2,998,722	2,516,543
Commercial papers	147,998	506,398	147,998	506,398
Government Investment Issue	139,544	437,313	45,638	313,908
	<u>15,272,944</u>	<u>12,111,815</u>	<u>13,805,935</u>	<u>9,723,139</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	407,883	206,767	407,883	206,767
	<u>407,883</u>	<u>206,767</u>	<u>407,883</u>	<u>206,767</u>
<u>Outside Malaysia</u>				
Shares	509,193	277,132	509,193	277,132
Private debt securities	337,819	458,204	-	-
Other Government bonds	611,876	247,809	-	-
	<u>1,458,888</u>	<u>983,145</u>	<u>509,193</u>	<u>277,132</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Private and Islamic debt securities	2,012,915	1,765,826	1,970,433	1,554,112
	<u>2,012,916</u>	<u>1,765,827</u>	<u>1,970,434</u>	<u>1,554,113</u>
<u>Outside Malaysia</u>				
Private equity funds	147,673	157,384	60,827	64,828
Private and Islamic debt securities	3,118,178	3,211,017	3,038,233	3,125,793
	<u>3,265,851</u>	<u>3,368,401</u>	<u>3,099,060</u>	<u>3,190,621</u>
Total financial assets held-for-trading	<u>22,418,482</u>	<u>18,435,955</u>	<u>19,792,505</u>	<u>14,951,772</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	384,705	457,708	384,705	457,708
Malaysian Government Sukuk	28,054	44,168	-	-
Khazanah bonds	195,243	328,709	195,243	308,520
Government Investment Issue	74,069	496,811	20,902	267,757
Negotiable instruments of deposit	374,850	258,112	374,850	258,112
Other Government securities	857,685	975,949	857,685	975,949
Cagamas bonds	144,018	207,300	123,251	183,629
Commercial papers	104,316	-	104,316	-
	<u>2,162,940</u>	<u>2,768,757</u>	<u>2,060,952</u>	<u>2,451,675</u>
Quoted securities:				
Outside Malaysia				
Shares	3,987	4,193	78	94
Other Government bonds	2,413,134	2,655,837	-	-
Unit trusts	7,540	7,507	-	-
Private debt securities	619,476	512,418	-	-
	<u>3,044,137</u>	<u>3,179,955</u>	<u>78</u>	<u>94</u>
Unquoted securities:				
In Malaysia				
Shares	983,653	987,953	973,078	977,378
Private debt securities	13,002,280	13,931,288	11,699,586	12,401,358
Loan stocks	10,087	10,211	10,087	10,211
	<u>13,996,020</u>	<u>14,929,452</u>	<u>12,682,751</u>	<u>13,388,947</u>
Outside Malaysia				
Shares	31,332	32,524	945	997
Private equity and unit trusts funds	452,273	484,089	416,753	426,714
Private debt securities	6,561,781	6,875,790	6,485,410	6,793,799
	<u>7,045,386</u>	<u>7,392,403</u>	<u>6,903,108</u>	<u>7,221,510</u>
	<u>26,248,483</u>	<u>28,270,567</u>	<u>21,646,889</u>	<u>23,062,226</u>
Allowance for impairment losses:				
Private debt securities	(30,306)	(60,306)	(30,306)	(60,306)
Private equity funds	(74,486)	(84,006)	(74,486)	(79,347)
Unquoted shares	(99,771)	(105,048)	(74,023)	(78,323)
Loan stocks	(10,087)	(10,211)	(10,087)	(10,211)
Unit trusts	(334)	(347)	-	-
	<u>(214,984)</u>	<u>(259,918)</u>	<u>(188,902)</u>	<u>(228,187)</u>
Total financial investments available-for-sale	<u>26,033,499</u>	<u>28,010,649</u>	<u>21,457,987</u>	<u>22,834,039</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,754,717	1,674,626	1,754,717	1,674,626
Government Investment Issue	6,495,431	6,062,711	5,857,924	5,628,826
Other Government securities	1,393,006	1,419,211	1,393,006	1,419,211
Cagamas bonds	267,672	267,966	237,102	237,242
Khazanah bonds	444,788	391,667	430,935	379,005
	<u>10,355,614</u>	<u>9,816,181</u>	<u>9,673,684</u>	<u>9,338,910</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Private debt securities	2,383,281	2,704,542	-	-
	<u>2,383,281</u>	<u>2,704,542</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Private debt securities	12,684,680	10,526,122	10,868,941	9,339,731
	<u>12,691,700</u>	<u>10,533,142</u>	<u>10,868,941</u>	<u>9,339,731</u>
<u>Outside Malaysia</u>				
Private debt securities	696,475	726,407	1,194,823	758,077
Amortisation of premium net of accretion of discount	(56,976)	(65,400)	(32,875)	(47,494)
Less : Allowance for impairment losses	(7,169)	(7,174)	-	-
Total financial investments held-to-maturity	<u>26,062,925</u>	<u>23,707,698</u>	<u>21,704,573</u>	<u>19,389,224</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,177,989	5,400,737	3,528,133	3,697,406
Term loans/financing				
- Housing loan/financing	68,753,767	65,920,173	50,530,716	48,208,195
- Syndicated term loan	16,665,201	17,030,250	14,319,686	14,785,024
- Other term loans/financing	99,059,766	98,553,723	68,122,781	68,838,773
- Factoring receivables	30,027	48,115	-	-
- Lease receivables	147,113	110,860	-	-
- Hire purchase receivables	16,566,158	16,245,737	9,791,936	9,205,173
Bills receivable	6,692,310	6,408,165	3,128,619	2,738,160
Trust receipts	1,425,363	1,946,329	883,735	1,188,901
Claim on customers under acceptance credit	3,045,897	3,147,815	2,669,356	2,702,777
Staff loans *	685,025	626,524	567,165	511,333
Credit card receivables	6,783,490	6,860,195	6,612,752	6,705,135
Revolving credit	15,602,690	16,080,717	13,018,295	13,903,086
Share margin financing	747,443	786,194	745,184	782,094
Gross loans, advances and financing	<u>241,382,239</u>	<u>239,165,534</u>	<u>173,918,358</u>	<u>173,266,057</u>
Fair value changes arising from fair value hedges	200,516	164,694	56,606	57,794
	<u>241,582,755</u>	<u>239,330,228</u>	<u>173,974,964</u>	<u>173,323,851</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,094,793)	(1,922,002)	(1,557,204)	(1,543,266)
- Portfolio impairment allowance	(1,841,705)	(1,970,342)	(1,059,366)	(1,110,673)
	<u>(3,936,498)</u>	<u>(3,892,344)</u>	<u>(2,616,570)</u>	<u>(2,653,939)</u>
Total net loans, advances and financing	<u>237,646,257</u>	<u>235,437,884</u>	<u>171,358,394</u>	<u>170,669,912</u>

* Included in staff loans of the Group are loans to Directors amounting to RM 3.2 million (2015: RM4.0 million).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM44 million (2015: RM47 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM4,749 million (2015: RM4,880 million) and RM1,124 million (2015: RM1,253 million) respectively, using interest rate swaps.

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

As at 30 June 2016, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM3,326 million (2015: RM2,733 million) and RM4.7 million (2015: RM5.4 million) respectively.

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

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	1,270,829	1,444,678	1,224,483	1,424,314
Domestic non-bank financial institutions				
- stockbroking companies	4	-	4	-
- others	2,950,526	3,100,402	1,008,716	1,101,460
Domestic business enterprises				
- small medium enterprises	26,409,726	24,988,104	18,229,587	17,355,502
- others	33,635,691	35,617,846	19,971,131	20,857,752
Government and statutory bodies	9,354,405	8,852,539	2,072,232	2,073,966
Individuals	129,165,611	125,531,320	93,748,836	91,708,758
Other domestic entities	968,776	989,057	490,435	497,333
Foreign entities	37,626,671	38,641,588	37,172,934	38,246,972
Gross loans, advances and financing	241,382,239	239,165,534	173,918,358	173,266,057

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,514,689	2,052,871	1,883,250	1,356,225
- Hire purchase receivables	10,314,557	10,497,249	3,557,048	3,444,693
- Other fixed rate loans	27,279,279	28,557,983	13,965,147	14,894,134
Variable rate				
- BLR plus	100,363,549	99,899,272	83,160,849	82,606,664
- Cost-plus	36,396,111	37,380,641	28,462,795	29,738,280
- Other variable rates	64,514,054	60,777,518	42,889,269	41,226,061
Gross loans, advances and financing	<u>241,382,239</u>	<u>239,165,534</u>	<u>173,918,358</u>	<u>173,266,057</u>
(iv) By economic purpose				
Personal use	10,149,463	9,720,218	5,272,969	4,756,076
Credit cards	6,783,490	6,860,195	6,612,752	6,705,135
Purchase of consumer durables	106,167	109,330	86,555	88,217
Construction	8,998,381	8,312,047	5,879,573	4,829,392
Residential property (housing)	71,342,334	68,990,485	52,738,742	50,890,543
Non-residential property	24,693,652	24,479,034	20,959,286	20,670,888
Purchase of fixed assets other than land and buildings	2,560,226	2,243,940	1,995,999	1,666,793
Mergers and acquisitions	3,536,003	3,617,161	3,533,291	3,616,568
Purchase of securities	25,661,560	26,288,181	21,895,516	24,034,179
Purchase of transport vehicles	17,316,370	17,026,610	10,505,858	9,946,518
Working capital	52,048,687	53,259,757	36,870,524	38,343,134
Other purposes	18,185,906	18,258,576	7,567,293	7,718,614
Gross loans, advances and financing	<u>241,382,239</u>	<u>239,165,534</u>	<u>173,918,358</u>	<u>173,266,057</u>
(v) By geographical distribution				
Malaysia	170,522,997	166,612,920	127,555,495	125,731,818
Indonesia	3,250,700	3,250,838	3,250,691	3,250,827
Thailand	27,470,762	28,384,770	4,399,001	4,743,840
Singapore	27,190,703	28,835,853	27,190,698	28,835,853
United Kingdom	3,403,683	2,669,792	3,403,674	2,669,792
Hong Kong	1,191,385	1,090,639	1,191,385	1,090,639
China	2,286,759	2,169,801	2,286,759	2,169,801
Other countries	6,065,250	6,150,921	4,640,655	4,773,487
Gross loans, advances and financing	<u>241,382,239</u>	<u>239,165,534</u>	<u>173,918,358</u>	<u>173,266,057</u>
(vi) By residual contractual maturity				
Within one year	40,363,026	42,288,081	30,297,355	32,334,678
One year to less than three years	26,335,877	26,840,213	20,156,886	20,130,054
Three years to less than five years	28,430,527	26,531,558	19,247,363	15,631,887
Five years and more	146,252,809	143,505,682	104,216,754	105,169,438
Gross loans, advances and financing	<u>241,382,239</u>	<u>239,165,534</u>	<u>173,918,358</u>	<u>173,266,057</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	211,505	198,265	109,507	100,186
Credit cards	168,651	147,089	163,485	142,724
Purchase of consumer durables	328	228	313	185
Construction	1,149,441	1,135,825	1,093,175	1,092,897
Residential property (housing)	1,048,316	990,075	745,317	711,494
Non-residential property	232,713	168,854	144,209	128,816
Purchase of fixed assets other than land and buildings	5,001	5,708	3,026	3,008
Purchase of securities	145,850	153,939	145,015	152,951
Purchase of transport vehicles	292,830	288,391	153,944	148,027
Working capital	1,202,611	869,743	745,442	623,691
Other purposes	478,056	382,252	22,879	20,340
Gross impaired loans, advances and financing	<u>4,935,302</u>	<u>4,340,369</u>	<u>3,326,312</u>	<u>3,124,319</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,350,611	3,180,979	2,829,474	2,753,889
Indonesia	142,089	145,429	142,089	145,429
Thailand	1,085,133	789,035	625	610
Singapore	227,471	93,854	227,471	93,854
United Kingdom	4,517	2,838	4,517	2,838
China	60,676	64,860	60,676	64,860
Other countries	64,805	63,374	61,460	62,839
Gross impaired loans, advances and financing	<u>4,935,302</u>	<u>4,340,369</u>	<u>3,326,312</u>	<u>3,124,319</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	4,340,369	4,371,804	3,124,319	3,070,511
Classified as impaired during the financial period/year	2,258,860	3,585,631	1,220,038	2,133,068
Reclassified as not impaired during the financial period/year	(768,033)	(1,466,533)	(555,155)	(987,748)
Amount written back in respect of recoveries	(428,878)	(989,982)	(233,909)	(562,641)
Amount written off	(420,093)	(993,391)	(211,138)	(598,594)
Sale of impaired loans	-	(338,654)	-	-
Exchange fluctuation	(46,923)	171,494	(17,843)	69,723
At 30 June/31 December	<u>4,935,302</u>	<u>4,340,369</u>	<u>3,326,312</u>	<u>3,124,319</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.04%</u>	<u>1.81%</u>	<u>1.91%</u>	<u>1.80%</u>

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

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

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	1,922,002	1,897,017	1,543,266	1,613,522
Net allowance made during the financial period/year	239,079	153,507	28,698	39,860
Amount written off	(40,806)	(174,622)	(3,121)	(172,557)
Amount transferred from/(to) portfolio impairment allowance	320	(6,876)	-	-
Sale of impaired loans	-	(44,110)	-	-
Exchange fluctuation	(25,802)	97,086	(11,639)	62,441
At 30 June/31 December	2,094,793	1,922,002	1,557,204	1,543,266
Portfolio impairment allowance				
At 1 January	1,970,342	1,968,148	1,110,673	1,231,434
Net allowance made during the financial period/year	273,533	844,526	158,010	295,808
Amount written off	(379,615)	(838,995)	(208,216)	(426,480)
Amount transferred (to)/from individual impairment allowance	(320)	6,876	-	-
Sale of impaired loans	-	(85,802)	-	-
Exchange fluctuation	(22,235)	75,589	(1,101)	9,911
At 30 June/31 December	1,841,705	1,970,342	1,059,366	1,110,673
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.3%	1.3%	1.2%	1.2%

PART A - EXPLANATORY NOTES (CONTINUED)**A10. OTHER ASSETS**

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Foreclosed properties	127,446	114,987	-	-
Structured financing	2,116,016	2,279,166	2,116,016	2,279,166
Collateral pledged for derivative transactions	4,731,238	5,640,407	4,174,203	4,925,486
Collateral for securities lending	966,424	463,326	966,424	463,326
Other debtors, deposits and prepayments *	3,843,028	2,359,699	3,844,847	2,178,611
	11,784,152	10,857,585	11,101,490	9,846,589

* net of allowance for doubtful debts of RM22,260,000 (2015: RM15,375,000) for the Group and RM17,503,000 (2015: RM10,655,000) for the Bank.

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposit				
Demand deposits	54,597,446	56,241,206	44,415,826	46,218,415
Saving deposits	30,118,924	27,813,773	17,136,800	16,136,409
Fixed deposits	110,974,005	115,324,164	92,451,671	94,484,092
Negotiable instruments of deposit	1,371,789	1,677,753	1,255,604	925,569
Others	65,870,085	62,245,368	41,513,001	40,509,163
	262,932,249	263,302,264	196,772,902	198,273,648
(ii) By type of customer				
Government and statutory bodies	10,206,851	9,251,880	6,203,242	5,789,913
Business enterprises	102,961,510	112,398,694	80,782,041	87,472,417
Individuals	93,033,737	88,139,619	71,610,133	66,842,244
Others	56,730,151	53,512,071	38,177,486	38,169,074
	262,932,249	263,302,264	196,772,902	198,273,648
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	90,771,466	91,757,228	78,216,051	73,962,675
Six months to less than one year	19,550,678	23,006,900	13,569,940	19,476,095
One year to less than three years	1,279,851	1,282,268	1,179,793	1,016,261
Three years to less than five years	359,654	422,101	357,346	421,210
Five years and more	384,145	533,420	384,145	533,420
	112,345,794	117,001,917	93,707,275	95,409,661

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Unrestricted investment accounts	243,200	232,716	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	21,938,242	16,052,227	22,366,195	15,832,310
Licensed finance companies	1,684,059	1,246,197	391,034	63,746
Licensed investment banks	589,814	1,174,121	589,494	1,000,776
Bank Negara Malaysia	1,008,081	165,547	201,502	6,521
Other financial institutions	2,390,984	3,424,660	2,200,891	3,272,958
	27,611,180	22,062,752	25,749,116	20,176,311

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

Due within six months	25,246,733	16,851,369	23,461,250	15,271,019
Six months to less than one year	1,538,664	3,898,766	1,463,954	3,593,434
One year to less than three years	369,366	918,094	367,495	917,335
Three years to less than five years	204,007	102,585	204,007	102,585
Five years and more	252,410	291,938	252,410	291,938
	27,611,180	22,062,752	25,749,116	20,176,311

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,564,184	3,047,985	2,399,968	2,848,922
Debentures	1,467,669	980,203	-	-
Bills payable	691,928	924,583	-	-
	4,723,781	4,952,771	2,399,968	2,848,922

The Group and the Bank have issued structured investments, bills payable and debentures, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 June 2016 were RM312,844,000 (2015: RM567,569,000) and RM312,368,000 (2015: RM558,988,000) respectively lower than the contractual amount at maturity for the structured investments, RM470,000 (2015: RM18,606,000) lower than the contractual amount at maturity for the debentures and RM309,656,000 (2015: RM131,549,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Accrued employee benefits	19,781	25,305	19,529	18,560
Post employment benefit obligations	184,650	194,679	21,039	27,565
Sundry creditors	2,935,603	888,078	3,217,150	759,619
Expenditure payable	1,256,983	1,327,984	1,007,287	1,077,717
Collateral for securities borrowing	968,260	669,469	968,260	669,469
Allowance for commitments and contingencies	8,303	9,219	3,238	3,238
Provision for legal claims	58,745	60,974	43,088	43,179
Credit card expenditure payable	101,226	125,660	97,446	125,660
Collateral received for derivative transactions	2,789,907	3,161,566	2,414,008	2,655,454
Others	315,989	399,914	201,322	207,245
	8,639,447	6,862,848	7,992,367	5,587,706

PART A - EXPLANATORY NOTES (CONTINUED)

A16. INTEREST INCOME

	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Loans and advances				
- interest income	2,368,075	2,231,097	4,754,875	4,393,541
- unwinding income [^]	11,745	7,466	21,151	18,553
Money at call and deposits with financial institutions	108,021	91,524	210,282	189,075
Reverse repurchase agreements	38,690	30,016	73,133	57,813
Financial assets held for trading	89,762	92,912	176,693	178,933
Financial investments available-for-sale	202,753	256,793	419,206	489,166
Financial investments held-to-maturity	230,351	166,148	455,730	323,223
	<u>3,049,397</u>	<u>2,875,956</u>	<u>6,111,070</u>	<u>5,650,304</u>
Net accretion of discount less amortisation of premium	(11,155)	(14,306)	(17,974)	(19,258)
	<u>3,038,242</u>	<u>2,861,650</u>	<u>6,093,096</u>	<u>5,631,046</u>
Bank				
Loans and advances				
- interest income	1,971,381	1,851,870	3,947,427	3,633,613
- unwinding income [^]	10,087	8,784	20,854	18,328
Money at call and deposits with financial institutions	143,956	122,155	275,131	252,139
Reverse repurchase agreements	37,504	29,899	69,452	56,998
Financial assets held for trading	83,866	86,588	166,506	168,681
Financial investments available-for-sale	181,139	228,577	374,314	436,517
Financial investments held-to-maturity	210,837	145,372	414,362	280,833
	<u>2,638,770</u>	<u>2,473,245</u>	<u>5,268,046</u>	<u>4,847,109</u>
Net accretion of discount less amortisation of premium	589	(3,707)	4,952	(982)
	<u>2,639,359</u>	<u>2,469,538</u>	<u>5,272,998</u>	<u>4,846,127</u>

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

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	50,595	90,427	105,338	197,699
Deposits from other customers	1,096,962	928,009	2,152,408	1,860,050
Repurchase agreements	53,541	45,261	120,854	67,712
Financial liabilities designated at fair value	32,376	28,394	67,535	55,371
Negotiable certificates of deposits	50,094	50,055	110,516	100,377
Recourse obligation on loan and financing sold to Cagamas	28,881	-	51,395	-
Redeemable preference shares	-	12,113	-	24,100
Bonds and debentures	49,668	37,144	94,289	75,444
Subordinated obligations	134,737	106,743	264,711	213,687
Other borrowings	11,812	7,584	21,397	14,759
	<u>1,508,666</u>	<u>1,305,730</u>	<u>2,988,443</u>	<u>2,609,199</u>
Bank				
Deposits and placements of banks and other financial institutions	42,907	84,982	88,357	188,240
Deposits from other customers	1,022,091	812,764	1,989,609	1,615,953
Repurchase agreements	52,883	43,053	119,725	61,587
Financial liabilities designated at fair value	23,697	23,404	49,560	46,914
Negotiable certificates of deposits	49,679	49,503	108,842	98,121
Recourse obligation on loan and financing sold to Cagamas	28,881	-	51,395	-
Bonds and debentures	34,415	25,669	62,711	51,812
Subordinated obligations	119,506	103,616	233,765	207,142
Other borrowings	14,049	10,631	26,284	20,781
	<u>1,388,108</u>	<u>1,153,622</u>	<u>2,730,248</u>	<u>2,290,550</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Net fee and commission income				
Commissions	90,303	84,063	166,222	167,966
Fee on loans and advances	100,474	152,580	199,966	288,744
Service charges and fees	122,799	124,563	245,055	254,200
Guarantee fees	15,841	15,020	28,959	30,803
Other fee income	61,901	55,697	120,908	118,697
Fee and commission income	391,318	431,923	761,110	860,410
Fee and commission expense	(86,481)	(96,157)	(160,444)	(196,206)
Net fee and commission income	304,837	335,766	600,666	664,204
Gross dividend income from:				
Financial assets held for trading	4,235	14,275	8,284	23,330
Financial investments available-for-sale	7,369	7,329	7,726	8,953
	11,604	21,604	16,010	32,283
Net gain/(loss) arising from financial assets held for trading:				
- realised gain/(loss)	10,982	60,109	(111,502)	(34,387)
- unrealised (loss)/gain	(9,802)	(303,160)	218,612	(303,790)
	1,180	(243,051)	107,110	(338,177)
Net gain arising from derivative financial instrument				
- realised gain/(loss)	409,744	(1,106,386)	640,633	(762,921)
- unrealised gain/(loss)	15,786	1,405,278	(147,751)	1,527,492
	425,530	298,892	492,882	764,571
Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	(304)	(3,243)	(3,440)	(12,922)
- unrealised (loss)/gain	(71,876)	33,826	(379,615)	(85,387)
	(72,180)	30,583	(383,055)	(98,309)
Net gain/(loss) arising from hedging activities	777	6,828	(31,361)	3,486
Net gain from sale of financial investments available-for-sale	35,082	39,567	74,326	75,184
Net (loss)/gain from redemption of financial investments held-to-maturity	(6)	-	(6)	16
Other non-interest income				
Foreign exchange (loss)/gain	(25,841)	234,177	264,817	224,714
Rental income	2,208	2,853	4,131	5,377
Gain/(loss) on disposal of property, plant and equipment/assets held for sale	700	(2,740)	1,755	(663)
(Loss)/gain on disposal of foreclosed properties	(2,630)	6,360	(9,124)	(7,432)
Others	13,689	14,434	29,885	32,825
	(11,874)	255,084	291,464	254,821
	694,950	745,273	1,168,036	1,358,079

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Bank				
Net fee and commission income				
Commissions	69,110	69,534	130,696	138,825
Fee on loans and advances	99,295	152,576	198,310	288,730
Service charges and fees	104,883	109,270	209,935	221,385
Guarantee fees	13,148	11,934	23,203	24,725
Other fee income	54,748	46,433	101,352	89,475
Fee and commission income	341,184	389,747	663,496	763,140
Fee and commission expense	(79,645)	(86,492)	(146,160)	(178,828)
Net fee and commission income	261,539	303,255	517,336	584,312
Gross dividend income from:				
Financial assets held for trading	4,235	14,275	8,284	23,330
Financial investments available-for-sale	6,530	5,314	6,530	5,314
Subsidiary	19,884	15,885	19,884	30,885
Associate	-	23,920	-	23,920
	30,649	59,394	34,698	83,449
Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	11,286	53,552	(118,943)	(46,340)
- unrealised (loss)/gain	(9,064)	(305,213)	221,344	(305,496)
	2,222	(251,661)	102,401	(351,836)
Net gain arising from derivative financial instrument				
- realised gain/(loss)	407,010	(1,141,468)	589,146	(805,399)
- unrealised (loss)/gain	(55,425)	1,451,066	(451,035)	1,559,737
	351,585	309,598	138,111	754,338
Net loss arising from financial liabilities designated at fair value				
- realised gain/(loss)	1,226	(5,188)	2,976	(10,275)
- unrealised loss	(37,550)	(2,308)	(177,355)	(112,070)
	(36,324)	(7,496)	(174,379)	(122,345)
Net gain/(loss) arising from hedging activities				
	1,489	7,165	(29,779)	6,471
Net gain from sale of financial investments available-for-sale				
	21,272	13,747	22,702	33,885
Net (loss)/gain from redemption of financial investments held-to-maturity				
	(6)	-	(6)	16
Other non-interest (expense)/income				
Foreign exchange (loss)/gain	(18,244)	210,481	342,174	161,268
Rental income	1,403	1,784	2,528	3,340
Gain on disposal of property, plant and equipment/assets held for sale	1,705	123	2,452	2,542
Others	9,620	35,996	20,392	45,717
	(5,516)	248,384	367,546	212,867
	626,910	682,386	978,630	1,201,157

PART A - EXPLANATORY NOTES (CONTINUED)

A19. OVERHEADS

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	612,121	589,544	1,155,706	1,186,868
- Pension costs (defined contribution plan)	57,965	57,698	116,818	115,008
- Pension costs (defined benefit plan)	4,298	4,075	8,766	8,203
- Mutual Separation Scheme	-	302,764	-	302,764
- Overtime	4,346	4,453	8,490	8,458
- Staff incentives and other staff payments	41,392	39,323	86,184	77,463
- Medical expenses	21,985	24,091	43,766	39,373
- Others	15,157	17,991	29,139	30,992
	757,264	1,039,939	1,448,869	1,769,129
Establishment costs				
- Depreciation of property, plant and equipment	45,251	46,831	84,928	99,107
- Amortisation of prepaid lease payments	21	50	72	99
- Rental	70,883	62,607	149,607	127,163
- Repair and maintenance	56,992	71,911	141,851	147,492
- Outsourced services	23,398	40,288	56,203	84,108
- Security expenses	24,591	25,478	50,308	52,462
- Others	20,114	18,204	43,411	40,734
	241,250	265,369	526,380	551,165
Marketing expenses				
- Sales commission	1,438	799	2,126	1,658
- Advertisement	17,314	41,072	58,343	86,468
- Others	5,389	4,057	10,858	11,324
	24,141	45,928	71,327	99,450
Administration and general expenses				
- Communication	6,110	7,871	11,224	12,176
- Consultancy and professional fees	10,161	10,579	22,762	19,585
- Legal expenses	4,251	4,314	6,607	7,862
- Stationery	8,061	8,374	17,123	16,721
- Amortisation of intangible assets	48,451	43,011	94,394	86,462
- Postages	11,187	11,482	24,796	21,768
- Administrative travelling and vehicle expenses	10,505	10,671	20,386	21,071
- Incidental expenses on banking operations	7,374	9,592	23,290	19,739
- Insurance	40,720	37,426	81,113	77,077
- Others	70,415	45,816	144,599	78,037
	217,235	189,136	446,294	360,498
Shared service cost	(2,517)	9,664	(3,826)	29,735
	1,237,373	1,550,036	2,489,044	2,809,977

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	499,383	473,624	921,360	943,383
- Pension costs (defined contribution plan)	52,448	52,173	105,560	103,802
- Mutual Separation Scheme	-	290,946	-	290,946
- Overtime	2,913	2,847	5,769	5,323
- Staff incentives and other staff payments	31,041	32,871	68,692	65,242
- Medical expenses	19,685	22,856	39,795	36,936
- Others	10,849	14,854	22,704	25,886
	<u>616,319</u>	<u>890,171</u>	<u>1,163,880</u>	<u>1,471,518</u>
Establishment costs				
- Depreciation of property, plant and equipment	33,731	32,992	61,270	71,542
- Rental	59,278	51,888	125,941	105,594
- Repair and maintenance	48,812	64,606	125,973	133,730
- Outsourced services	19,778	54,242	49,651	114,003
- Security expenses	24,663	25,550	50,145	52,943
- Others	15,522	12,391	31,785	28,824
	<u>201,784</u>	<u>241,669</u>	<u>444,765</u>	<u>506,636</u>
Marketing expenses				
- Sales commission	20	-	30	-
- Advertisement	12,875	32,990	48,165	72,766
- Others	4,890	4,752	10,146	8,328
	<u>17,785</u>	<u>37,742</u>	<u>58,341</u>	<u>81,094</u>
Administration and general expenses				
- Communication	4,453	6,184	7,875	8,801
- Consultancy and professional fees	9,249	9,342	20,711	17,581
- Legal expenses	2,862	2,489	3,718	3,256
- Stationery	5,953	6,273	12,280	12,619
- Amortisation of intangible assets	42,532	37,497	82,573	75,206
- Postages	8,828	9,265	19,730	16,143
- Administrative travelling and vehicle expenses	8,003	8,145	15,514	16,056
- Incidental expenses on banking operations	1,797	5,942	12,196	12,442
- Insurance	9,361	9,254	19,220	19,209
- Others	59,278	18,840	125,515	27,498
	<u>152,316</u>	<u>113,231</u>	<u>319,332</u>	<u>208,811</u>
Shared service cost	(88,797)	(81,299)	(193,201)	(156,237)
	<u>899,407</u>	<u>1,201,514</u>	<u>1,793,117</u>	<u>2,111,822</u>

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for impaired loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	165,173	69,993	239,079	116,760
- Portfolio impairment allowance	153,662	204,463	273,533	396,948
Impaired loans and advances :				
- recovered	(76,577)	(71,485)	(160,617)	(146,254)
- written off	3,132	5,299	7,422	13,517
	<u>245,390</u>	<u>208,270</u>	<u>359,417</u>	<u>380,971</u>
Bank				
Allowances for impaired loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	13,352	7,154	28,698	2,487
- Portfolio impairment allowance	102,712	92,209	158,010	189,040
Impaired loans and advances :				
- recovered	(45,859)	(41,271)	(97,943)	(86,598)
- written off	2,324	4,909	5,859	8,239
	<u>72,529</u>	<u>63,001</u>	<u>94,624</u>	<u>113,168</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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

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

(i) Derivative financial instruments

At 30 June 2016	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	26,389,825	374,434	(937,064)	18,735,961	293,579	(826,072)
- less than one year	22,987,963	310,970	(486,392)	15,713,009	236,655	(372,988)
- one year to three years	2,514,499	62,484	(212,150)	2,091,273	55,776	(205,288)
- more than three years	887,363	980	(238,522)	931,679	1,148	(247,796)
Currency swaps	165,441,375	1,363,138	(1,142,926)	64,149,869	801,382	(640,664)
- less than one year	163,107,295	1,301,824	(1,086,129)	63,226,999	750,745	(620,373)
- one year to three years	1,751,728	60,653	(36,932)	890,782	49,807	(20,291)
- more than three years	582,352	661	(19,865)	32,088	830	-
Currency spots	5,818,435	13,065	(9,717)	5,392,603	12,810	(9,502)
- less than one year	5,818,435	13,065	(9,717)	5,392,603	12,810	(9,502)
Currency options	12,944,807	387,087	(393,392)	12,171,967	357,130	(365,297)
- less than one year	10,584,205	212,134	(216,218)	10,004,874	197,433	(203,364)
- one year to three years	495,108	34,690	(34,663)	313,056	19,434	(20,067)
- more than three years	1,865,494	140,263	(142,511)	1,854,037	140,263	(141,866)
Cross currency interest rate swaps	60,317,257	3,469,678	(3,352,588)	34,246,294	2,903,092	(2,793,272)
- less than one year	16,638,386	652,619	(842,388)	6,613,698	487,059	(614,318)
- one year to three years	19,906,811	1,279,028	(1,438,447)	11,812,606	1,013,805	(1,240,687)
- more than three years	23,772,060	1,538,031	(1,071,753)	15,819,990	1,402,228	(938,267)
	270,911,699	5,607,402	(5,835,687)	134,696,694	4,367,993	(4,634,807)
<u>Interest rate derivatives</u>						
Interest rate swaps	486,016,601	3,513,367	(2,830,037)	370,630,983	2,279,806	(1,940,079)
- less than one year	205,390,191	155,134	(146,057)	166,012,803	104,238	(88,191)
- one year to three years	137,381,465	807,458	(710,923)	102,704,229	629,627	(546,343)
- more than three years	143,244,945	2,550,775	(1,973,057)	101,913,951	1,545,941	(1,305,545)
Interest rate futures	5,777,408	2,392	(15,449)	5,777,408	2,392	(15,449)
- less than one year	4,024,358	2,392	(9,563)	4,024,358	2,392	(9,563)
- one year to three years	1,753,050	-	(5,886)	1,753,050	-	(5,886)
Interest rate options	179,692	131	(368)	191,149	776	(368)
- less than one year	179,692	131	(368)	191,149	776	(368)
	491,973,701	3,515,890	(2,845,854)	376,599,540	2,282,974	(1,955,896)
<u>Equity related derivatives</u>						
Equity swaps	636,853	7,002	(3,788)	636,853	7,002	(3,788)
- less than one year	63,104	3,193	-	63,104	3,193	-
- more than three years	573,749	3,809	(3,788)	573,749	3,809	(3,788)
Equity options	9,142,032	76,167	(352,397)	9,142,032	76,167	(352,397)
- less than one year	2,503,385	31,671	(204,119)	2,503,385	31,671	(204,119)
- one year to three years	5,847,185	38,591	(140,612)	5,847,185	38,591	(140,612)
- more than three years	791,462	5,905	(7,666)	791,462	5,905	(7,666)
Equity futures	543,792	951	(9,489)	543,792	951	(9,489)
- less than one year	543,792	951	(9,489)	543,792	951	(9,489)
	10,322,677	84,120	(365,674)	10,322,677	84,120	(365,674)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 30 June 2016	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,241,835	266,509	(285,346)	2,238,570	266,531	(285,425)
- less than one year	2,111,300	226,235	(214,975)	2,108,035	226,257	(215,054)
- one year to three years	130,535	40,274	(70,371)	130,535	40,274	(70,371)
Commodity futures	2,075,802	74,510	(55,826)	2,075,802	74,510	(55,826)
- less than one year	1,726,221	55,529	(48,849)	1,726,221	55,529	(48,849)
- one year to three years	349,581	18,981	(6,977)	349,581	18,981	(6,977)
Commodity options	3,921,323	169,812	(119,287)	3,920,349	169,739	(119,215)
- less than one year	3,372,956	88,894	(119,061)	3,371,982	88,821	(118,989)
- one year to three years	548,367	80,918	(226)	548,367	80,918	(226)
	8,238,960	510,831	(460,459)	8,234,721	510,780	(460,466)
<u>Credit related contract</u>						
Credit default swaps	8,470,260	46,084	(94,123)	8,470,260	46,989	(95,028)
- less than one year	2,691,392	1,527	(2,647)	2,691,392	1,527	(2,647)
- one year to three years	1,960,275	29,920	(27,151)	1,960,275	29,920	(27,151)
- more than three years	3,818,593	14,637	(64,325)	3,818,593	15,542	(65,230)
Total return swaps	1,931,254	10,683	(18,339)	1,902,404	10,491	(18,147)
- less than one year	1,248,754	441	(58)	1,248,754	441	(58)
- one year to three years	201,500	-	(7,004)	201,500	-	(7,004)
- more than three years	481,000	10,242	(11,277)	452,150	10,050	(11,085)
	10,401,514	56,767	(112,462)	10,372,664	57,480	(113,175)
<u>Bond contract</u>						
Bond forward	90,000	215	(135)	90,000	215	(135)
- more than three years	90,000	215	(135)	90,000	215	(135)
<u>Hedging derivatives</u>						
Currency swaps	4,048,669	84,329	(57,212)	4,048,669	84,329	(57,212)
- less than one year	4,048,669	84,329	(57,212)	4,048,669	84,329	(57,212)
Cross currency interest rate swaps	5,099,655	60,842	(218,435)	3,063,655	41,498	(114,224)
- less than one year	1,669,530	18,734	(15,613)	1,669,530	18,734	(15,613)
- one year to three years	732,262	16,020	(49,415)	732,262	16,020	(49,415)
- more than three years	2,697,863	26,088	(153,407)	661,863	6,744	(49,196)
Interest rate swaps	28,933,868	177,343	(682,423)	32,772,540	341,225	(682,423)
- less than one year	5,341,973	9,954	(5,063)	5,340,895	9,922	(5,063)
- one year to three years	7,179,969	26,037	(36,689)	7,726,121	30,020	(36,689)
- more than three years	16,411,926	141,352	(640,671)	19,705,524	301,283	(640,671)
Total derivatives assets/(liabilities)	830,020,743	10,097,739	(10,578,341)	580,201,160	7,770,614	(8,384,012)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 2015	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	22,134,841	509,183	(1,028,156)	15,633,172	393,432	(937,129)
- less than one year	17,918,008	389,815	(357,212)	11,961,304	279,879	(272,976)
- one year to three years	3,211,696	119,337	(327,348)	2,689,052	113,522	(312,318)
- more than three years	1,005,137	31	(343,596)	982,816	31	(351,835)
Currency swaps	166,930,777	2,547,427	(1,945,760)	75,596,912	1,287,728	(1,029,094)
- less than one year	164,818,011	2,391,868	(1,896,752)	74,185,325	1,144,072	(1,005,651)
- one year to three years	2,021,981	122,259	(48,854)	1,330,700	110,356	(23,443)
- more than three years	90,785	33,300	(154)	80,887	33,300	-
Currency spots	3,542,420	3,855	(5,988)	2,578,023	3,463	(5,598)
- less than one year	3,542,420	3,855	(5,988)	2,578,023	3,463	(5,598)
Currency options	6,777,423	298,638	(319,001)	6,032,715	274,414	(304,894)
- less than one year	5,235,397	198,333	(215,556)	4,750,613	182,269	(209,416)
- one year to three years	500,338	16,335	(16,865)	252,309	8,175	(9,390)
- more than three years	1,041,688	83,970	(86,580)	1,029,793	83,970	(86,088)
Cross currency interest rate swaps	60,910,422	4,664,451	(5,208,347)	31,819,711	3,915,753	(3,999,032)
- less than one year	14,386,598	576,181	(1,150,450)	3,704,171	446,479	(556,252)
- one year to three years	22,243,701	1,986,057	(2,300,906)	13,170,319	1,608,368	(1,930,775)
- more than three years	24,280,123	2,102,213	(1,756,991)	14,945,221	1,860,906	(1,512,005)
	260,295,883	8,023,554	(8,507,252)	131,660,533	5,874,790	(6,275,747)
<u>Interest rate derivatives</u>						
Interest rate swaps	449,231,362	2,236,017	(1,635,294)	338,227,919	1,640,599	(1,221,985)
- less than one year	194,541,647	125,600	(139,314)	144,471,468	87,178	(88,938)
- one year to three years	130,052,858	648,264	(607,480)	103,243,537	535,891	(510,340)
- more than three years	124,636,857	1,462,153	(888,500)	90,512,914	1,017,530	(622,707)
Interest rate futures	7,282,871	2,673	(5,102)	7,282,871	2,673	(5,102)
- less than one year	4,127,516	2,673	(2,307)	4,127,516	2,673	(2,307)
- one year to three years	3,155,355	-	(2,795)	3,155,355	-	(2,795)
Interest rate options	216,491	413	(2,213)	228,386	906	(2,213)
- less than one year	155,677	-	(1,800)	167,572	493	(1,800)
- one year to three years	60,814	413	(413)	60,814	413	(413)
	456,730,724	2,239,103	(1,642,609)	345,739,176	1,644,178	(1,229,300)
<u>Equity related derivatives</u>						
Equity swaps	683,337	2,867	(14,342)	683,337	2,867	(14,342)
- less than one year	5,718	319	-	5,718	319	-
- one year to three years	61,605	1,208	(13,086)	61,605	1,208	(13,086)
- more than three years	616,014	1,340	(1,256)	616,014	1,340	(1,256)
Equity options	9,559,091	110,741	(265,215)	9,559,091	110,741	(265,215)
- less than one year	2,896,570	90,122	(141,482)	2,896,570	90,122	(141,482)
- one year to three years	5,639,858	9,566	(112,829)	5,639,858	9,566	(112,829)
- more than three years	1,022,663	11,053	(10,904)	1,022,663	11,053	(10,904)
Equity futures	146,909	599	(626)	146,909	599	(626)
- less than one year	146,909	599	(626)	146,909	599	(626)
	10,389,337	114,207	(280,183)	10,389,337	114,207	(280,183)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 2015	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	1,723,092	514,368	(452,384)	1,702,943	514,254	(452,273)
- less than one year	1,477,397	237,142	(221,302)	1,457,248	237,028	(221,191)
- one year to three years	245,695	277,226	(231,082)	245,695	277,226	(231,082)
Commodity futures	732,519	7,654	(60,371)	732,519	7,654	(60,371)
- less than one year	721,352	7,654	(58,907)	721,352	7,654	(58,907)
- one year to three years	11,167	-	(1,464)	11,167	-	(1,464)
Commodity options	2,456,170	300,145	(227,970)	2,463,477	300,145	(228,002)
- less than one year	2,341,526	230,998	(203,924)	2,348,833	230,998	(203,956)
- one year to three years	114,644	69,147	(24,046)	114,644	69,147	(24,046)
	4,911,781	822,167	(740,725)	4,898,939	822,053	(740,646)
<u>Credit related contract</u>						
Credit default swaps	7,787,594	89,670	(85,558)	7,787,594	89,670	(85,558)
- less than one year	3,845,713	20,411	(19,440)	3,845,713	20,411	(19,440)
- one year to three years	2,376,844	49,759	(47,170)	2,376,844	49,759	(47,170)
- more than three years	1,565,037	19,500	(18,948)	1,565,037	19,500	(18,948)
Total return swaps	2,841,299	12,080	(18,480)	2,791,079	11,854	(18,254)
- less than one year	2,087,629	4,663	-	2,087,629	4,663	-
- one year to three years	214,650	-	(10,686)	214,650	-	(10,686)
- more than three years	539,020	7,417	(7,794)	488,800	7,191	(7,568)
	10,628,893	101,750	(104,038)	10,578,673	101,524	(103,812)
<u>Bond Forward</u>						
	30,000	1,204	-	30,000	1,204	-
- More than 3 years	30,000	1,204	-	30,000	1,204	-
<u>Hedging derivatives</u>						
Currency swaps	2,797,900	9,079	(52,481)	2,797,900	9,079	(52,481)
- less than one year	2,797,900	9,079	(52,481)	2,797,900	9,079	(52,481)
Cross currency interest rate swaps	4,655,247	92,976	(303,978)	3,721,296	54,937	(166,275)
- less than one year	1,937,898	6,497	(34,741)	1,937,898	6,497	(34,741)
- one year to three years	916,857	39,256	(64,882)	916,857	39,256	(64,882)
- more than three years	1,800,492	47,223	(204,355)	866,541	9,184	(66,652)
Interest rate swaps	28,588,642	59,922	(249,268)	32,672,607	186,643	(249,490)
- less than one year	5,782,795	3,384	(6,792)	6,027,856	3,238	(7,014)
- one year to three years	7,760,972	14,617	(42,076)	8,305,064	17,972	(42,076)
- more than three years	15,044,875	41,921	(200,400)	18,339,687	165,433	(200,400)
Total derivatives assets/(liabilities)	779,028,407	11,463,962	(11,880,534)	542,488,461	8,808,615	(9,097,934)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM10,098 million and RM7,771 million respectively (31 December 2015: RM11,464 million and RM8,809 million respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2016, the Group and the Bank has posted cash collateral of RM4,731 million and RM4,174 million respectively (31 December 2015: RM5,640 million and RM4,925 million respectively) on their derivative contracts.

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies

	30 June 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	3,579,164	3,790,900
Transaction-related contingent items	5,013,597	4,799,716
Short-term self-liquidating trade-related contingencies	7,109,591	8,525,630
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	45,021,811	42,988,381
- maturity exceeding one year	26,480,264	22,156,647
Miscellaneous commitments and contingencies	1,897,182	4,128,120
Total credit-related commitments and contingencies	89,101,609	86,389,394
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	224,854,483	210,636,232
- one year to five years	45,321,363	46,421,842
- more than five years	9,884,177	10,690,956
	280,060,023	267,749,030
Interest rate related contracts :		
- less than one year	214,936,214	204,607,635
- one year to five years	258,920,109	232,598,191
- more than five years	47,051,246	48,113,540
	520,907,569	485,319,366
Equity related contracts:		
- less than one year	3,110,281	3,049,197
- one year to five years	6,559,770	6,603,384
- more than five years	652,626	736,756
	10,322,677	10,389,337
Credit related contracts:		
- less than one year	3,940,146	5,933,342
- one year to five years	6,103,014	4,198,809
- more than five years	358,354	496,742
	10,401,514	10,628,893
Commodity related contracts:		
- less than one year	7,210,477	4,540,275
- one year to five years	1,028,483	371,506
	8,238,960	4,911,781
Bond contracts:		
- more than five years	90,000	30,000
	90,000	30,000
Total treasury-related commitments and contingencies	830,020,743	779,028,407
	919,122,352	865,417,801

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

	30 June 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,407,869	3,606,342
Transaction-related contingent items	3,305,461	3,203,646
Short-term self-liquidating trade-related contingencies	6,454,038	7,928,718
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	38,459,548	36,678,554
- maturity exceeding one year	23,246,405	19,681,552
Miscellaneous commitments and contingencies	769,196	2,853,674
Total credit-related commitments and contingencies	<u>75,642,517</u>	<u>73,952,486</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	106,669,382	101,915,234
- one year to five years	28,833,353	29,466,645
- more than five years	6,306,283	6,797,850
	<u>141,809,018</u>	<u>138,179,729</u>
Interest rate related contracts :		
- less than one year	175,569,205	154,794,412
- one year to five years	200,700,760	188,658,808
- more than five years	33,102,115	34,958,563
	<u>409,372,080</u>	<u>378,411,783</u>
Equity related contracts:		
- less than one year	3,110,281	3,049,197
- one year to five years	6,559,770	6,603,384
- more than five years	652,626	736,756
	<u>10,322,677</u>	<u>10,389,337</u>
Credit related contracts:		
- less than one year	3,940,146	5,933,342
- one year to five years	5,690,562	4,198,809
- more than five years	741,956	446,522
	<u>10,372,664</u>	<u>10,578,673</u>
Commodity related contracts:		
- less than one year	7,206,238	4,527,433
- one year to five years	1,028,483	371,506
	<u>8,234,721</u>	<u>4,898,939</u>
Bond contracts:		
- more than five years	90,000	30,000
	<u>90,000</u>	<u>30,000</u>
Total treasury-related commitments and contingencies	<u>580,201,160</u>	<u>542,488,461</u>
	<u>655,843,677</u>	<u>616,440,947</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

The capital adequacy framework applicable is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015. The revised guideline took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The capital adequacy for CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines as issued on 8 November 2012.

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

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

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

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

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

30 June 2016 - Basel III

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

	The Group RM'000	The Bank* RM'000
Before deducting proposed dividend		
Common equity tier 1 ratio	11.393% ^^	11.589% ^^
Tier 1 ratio	12.673% ^^	13.162% ^^
Total capital ratio	<u>16.311% ^^</u>	<u>16.471% ^^</u>
After deducting proposed dividend		
Common equity tier 1 ratio	11.012% ^^	11.086% ^^
Tier 1 ratio	12.292% ^^	12.659% ^^
Total capital ratio	<u>15.930% ^^</u>	<u>15.968% ^^</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk	181,049,351	135,920,473
Market risk	14,231,331	12,245,566
Large exposure risk requirements	665,798	665,798
Operational risk	17,797,079	13,225,216
Total risk-weighted assets	<u>213,743,559</u>	<u>162,057,053</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 June 2016 - Basel III (Continued)

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows:

	The Group	The Bank*
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	5,148,084	5,148,084
Other reserves	27,034,562	21,879,793
Qualifying non-controlling interests	273,785	-
Less: Proposed dividends	<u>(814,879)</u>	<u>(814,879)</u>
Common Equity Tier I capital before regulatory adjustments	31,641,552	26,212,998
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,062,714)	(3,555,075)
Intangible assets	(920,945)	(855,701)
Deferred tax assets	(348,289)	(147,630)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(525,488)	(2,573,706)
Others	<u>(1,247,084)</u>	<u>(1,115,038)</u>
Common Equity Tier I capital after regulatory adjustments	<u>23,537,032</u>	<u>17,965,848</u>
Additional Tier I capital		
Perpetual preference shares	120,000	120,000
Non-innovative Tier I Capital	600,000	600,000
Innovative Tier I Capital	967,080	967,080
Perpetual subordinated capital securities	1,000,000	1,000,000
Qualifying capital instruments held by third parties	54,431	-
	<u>2,741,511</u>	<u>2,687,080</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,594)	(137,594)
Additional Tier I capital after regulatory adjustments	<u>2,735,917</u>	<u>2,549,486</u>
Total Tier I capital	<u>26,272,949</u>	<u>20,515,334</u>
Tier II capital		
Subordinated notes	6,950,000	6,950,000
Redeemable preference shares	17,844	17,844
Qualifying capital instruments held by third parties	381,996	-
Surplus eligible provisions over expected loss	260,416	479,178
Portfolio impairment allowance and regulatory reserves ^	520,666	224,930
Tier II capital before regulatory adjustments	<u>8,130,922</u>	<u>7,671,952</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(354,870)	(2,310,306)
Total Tier II capital	<u>7,776,052</u>	<u>5,361,646</u>
Total capital	<u>34,049,001</u>	<u>25,876,980</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier 1 ratio	13.594%	10.579%	N/A
Tier 1 ratio	14.399%	10.579%	N/A
Total capital ratio	<u>16.781%</u>	<u>14.821%</u>	<u>17.547%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2015 - Basel III

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

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	11.329% **	12.107% **
Tier I ratio	12.279% **	13.279% **
Total capital ratio	<u>15.892% **</u>	<u>16.425% **</u>
After deducting proposed dividend		
Common equity tier I ratio	10.876% **	11.504% **
Tier I ratio	11.825% **	12.677% **
Total capital ratio	<u>15.438% **</u>	<u>15.823% **</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk	180,655,182	134,581,911
Market risk	14,483,777	12,251,594
Large exposure risk requirements	666,867	666,867
Operational risk	17,227,086	12,885,118
Total risk-weighted assets	<u>213,032,912</u>	<u>160,385,490</u>

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares	5,148,084	5,148,084
Other reserves	26,518,216	21,591,225
Qualifying non-controlling interests	275,120	-
Less: Proposed dividends	<u>(966,553)</u>	<u>(966,553)</u>
Common Equity Tier I capital before regulatory adjustments	30,974,867	25,772,756
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,114,235)	(3,555,075)
Intangible assets	(945,435)	(874,745)
Deferred tax assets	(403,149)	(210,842)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(319,238)	(1,721,064)
Others	<u>(1,023,930)</u>	<u>(959,972)</u>
Common Equity Tier I capital after regulatory adjustments	<u>23,168,880</u>	<u>18,451,058</u>
Additional Tier I capital		
Perpetual preference shares	140,000	140,000
Non-innovative Tier I Capital	700,000	700,000
Innovative Tier I Capital	1,128,260	1,128,260
Qualifying capital instruments held by third parties	54,760	-
Additional Tier I capital before and after regulatory adjustments	<u>2,023,020</u>	<u>1,968,260</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(88,000)
Additional Tier I capital after regulatory adjustments	<u>2,023,020</u>	<u>1,880,260</u>
Total Tier I capital	<u>25,191,900</u>	<u>20,331,318</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	210,735	480,515
Qualifying capital instruments held by third parties	376,000	-
Portfolio impairment allowance and regulatory reserves ^	509,270	236,377
Tier II capital before regulatory adjustments	<u>8,175,745</u>	<u>7,796,632</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(478,907)	(2,750,641)
Total Tier II capital	<u>7,696,838</u>	<u>5,045,991</u>
Total capital	<u>32,888,738</u>	<u>25,377,309</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2015 - Basel III (Continued)

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	12.718%	10.778%	N/A
Tier I ratio	13.557%	10.778%	N/A
Total capital ratio	<u>16.273%</u>	<u>15.456%</u>	<u>17.377%</u>

* Includes the operations of CIMB Bank (L) Limited.

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM187 million (2015: RM183 million) and RM165 million (2015: RM161 million) respectively.

^^ On 26 April 2016, CIMB Group successfully completed its seventh DRS of approximately RM938 million, there was no reinvestment made into CIMB Bank post the successful completion of the DRS.

CIMB Group proposed to continue with DRS implementation for the first interim dividend in respect of the financial year ending 2016. Pursuant to the completion of DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank which would increase the capital adequacy ratios of the Group and the Bank above those stated ratios.

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

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

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

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

Business segment reporting

Definition of segments:

The Group has five major operation divisions that form the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

Commercial Banking is responsible for offering products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include core banking credit facilities, trade financing, remittance and foreign exchange, as well as general deposit products.

Commercial Banking also secured several cash management mandates from SMEs in various sectors by leveraging on CIMB Bank's online business banking platform, which allows customers to conduct their commercial banking transactions over the internet.

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking.

Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

Equities provides broking services to corporate, institutional and retail clients.

Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Investments

Investments focus on defining and formulating strategies at the corporate and business unit levels, oversee the Group's strategic and private equity fund management businesses. It also invests in the Group's proprietary capital and funding.

Support and others

Support services comprise of unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)****Group**
30 June 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	2,145,014	327,196	414,012	224,760	(6,329)	3,104,653
- inter-segment	(461,889)	101,166	306,958	53,765	-	-
	1,683,125	428,362	720,970	278,525	(6,329)	3,104,653
Income/(expense) from Islamic Banking operations	369,208	77,190	206,641	70,341	-	723,380
Net non-interest income/(expense)	573,190	125,910	456,461	(95)	12,570	1,168,036
Net income/(expense)	2,625,523	631,462	1,384,072	348,771	6,241	4,996,069
Overheads	(1,416,647)	(300,264)	(619,032)	(141,491)	(11,610)	(2,489,044)
of which:						
Depreciation of property, plant and equipment	(73,301)	(2,229)	(7,359)	(2,039)	-	(84,928)
Amortisation of prepaid lease payments	(60)	(3)	(9)	-	-	(72)
Amortisation of intangible assets	(69,589)	(1,082)	(12,791)	(10,932)	-	(94,394)
Profit before allowances	1,208,876	331,198	765,040	207,280	(5,369)	2,507,025
Allowances for impairment losses on loans, advances and financing (made)/written-back	(155,101)	(141,971)	(62,580)	235	-	(359,417)
Allowances for losses on other receivables	-	-	-	-	(7,332)	(7,332)
Allowances for other impairment losses written-back	-	113	(50,000)	4,300	-	(45,587)
Segment result	1,053,775	189,340	652,460	211,815	(12,701)	2,094,689
Share of results of joint venture	2,178	-	-	-	-	2,178
Share of results of associates	-	-	-	77,719	-	77,719
Taxation						(486,723)
Profit for the financial period						1,687,863

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

Group
30 June 2015

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	2,037,607	361,615	365,607	260,941	(3,923)	3,021,847
- inter-segment	(378,775)	50,149	332,524	(3,898)	-	-
	1,658,832	411,764	698,131	257,043	(3,923)	3,021,847
Income from Islamic Banking operations	355,106	66,369	206,830	42,028	-	670,333
Net non-interest income	511,634	120,455	577,874	122,375	25,741	1,358,079
Net income	2,525,572	598,588	1,482,835	421,446	21,818	5,050,259
Overheads	(1,486,855)	(309,269)	(613,472)	(365,462)	(34,919)	(2,809,977)
of which:						
Depreciation of property, plant and equipment	(79,312)	(3,266)	(10,493)	(6,036)	-	(99,107)
Amortisation of prepaid lease payments	(87)	(4)	(8)	-	-	(99)
Amortisation of intangible assets	(66,795)	(1,411)	(6,393)	(11,863)	-	(86,462)
Profit before allowances	1,038,717	289,319	869,363	55,984	(13,101)	2,240,282
Allowances for impairment losses on loans, advances and financing (made)/written-back	(290,471)	(8,879)	(81,621)	-	-	(380,971)
Allowances for losses on other receivables	-	-	-	-	(217)	(217)
Allowances for other impairment losses written-back/(made)	-	358	8	(4,297)	-	(3,931)
Segment result	748,246	280,798	787,750	51,687	(13,318)	1,855,163
Share of results of joint venture	1,640	-	-	-	-	1,640
Share of results of associates	-	-	-	44,546	-	44,546
Taxation						(398,689)
Profit for the financial period						1,502,660

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 June 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	136,894,728	29,694,048	180,699,073	21,794,093	369,081,942
Unallocated assets					14,705,634
Total assets					383,787,576
Segment liabilities	112,567,049	33,477,490	185,404,323	11,590,918	343,039,780
Unallocated liabilities					7,934,919
Total liabilities					350,974,699
Other segment items					
Capital expenditure	117,257	2,792	25,946	157	146,152
Investment in joint venture	164,954	-	-	-	164,954
Investment in associates	-	-	-	875,812	875,812

Group

31 Dec 2015

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

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Regional Head, Market Risk Management or / and the Group Market Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

The fair value hierarchy has the following levels:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	Fair Value 30 June 2016					The Group Fair Value 31 Dec 2015				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	15,272,944	-	15,272,944	-	15,272,944	12,111,815	-	12,111,815	-	12,111,815
-Quoted securities	1,866,771	1,866,771	-	-	1,866,771	1,189,912	1,189,912	-	-	1,189,912
-Unquoted securities	5,278,767	-	5,131,093	147,674	5,278,767	5,134,228	-	4,976,843	157,385	5,134,228
Financial investments available-for-sale										
-Money market instruments	2,162,940	-	2,162,940	-	2,162,940	2,768,757	-	2,768,757	-	2,768,757
-Quoted securities	3,044,137	3,044,137	-	-	3,044,137	3,179,955	3,179,955	-	-	3,179,955
-Unquoted securities	20,826,422	-	19,533,755	1,292,667	20,826,422	22,061,937	-	20,746,772	1,315,165	22,061,937
Derivative financial instruments										
-Trading derivatives	9,775,225	88,019	9,613,854	73,352	9,775,225	11,301,985	12,408	11,156,699	132,878	11,301,985
-Hedging derivatives	322,514	-	322,514	-	322,514	161,977	-	161,977	-	161,977
Non-financial assets										
Investment Properties	1,120	-	1,120	-	1,120	1,120	-	1,120	-	1,120
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	4,575	-	4,575	-	4,575	4,575	-	4,575	-	4,575
Total	58,555,415	4,998,927	52,042,795	1,513,693	58,555,415	57,916,261	4,382,275	51,928,558	1,605,428	57,916,261
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	9,620,271	129,375	9,182,872	308,024	9,620,271	11,274,807	140,679	10,917,501	216,627	11,274,807
- Hedging derivatives	958,070	-	958,070	-	958,070	605,727	-	605,727	-	605,727
Financial liabilities designated at fair values	4,723,781	-	4,336,513	387,268	4,723,781	4,952,771	-	4,593,682	359,089	4,952,771
Total	15,302,122	129,375	14,477,455	695,292	15,302,122	16,833,305	140,679	16,116,910	575,716	16,833,305

	Fair Value 30 June 2016					The Bank Fair Value 31 Dec 2015				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	13,805,935	-	13,805,935	-	13,805,935	9,723,139	-	9,723,139	-	9,723,139
-Quoted securities	917,076	917,076	-	-	917,076	483,899	483,899	-	-	483,899
-Unquoted securities	5,069,494	-	5,008,666	60,828	5,069,494	4,744,734	-	4,679,905	64,829	4,744,734
Financial investments available-for-sale										
-Money market instruments	2,060,952	-	2,060,952	-	2,060,952	2,451,675	-	2,451,675	-	2,451,675
-Quoted securities	78	78	-	-	78	94	94	-	-	94
-Unquoted securities	19,396,957	-	18,154,690	1,242,267	19,396,957	20,382,270	-	19,134,851	1,247,419	20,382,270
Derivative financial instruments										
-Trading derivatives	7,303,562	88,019	7,142,191	73,352	7,303,562	8,557,956	12,408	8,412,670	132,878	8,557,956
-Hedging derivatives	467,052	-	467,052	-	467,052	250,659	-	250,659	-	250,659
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	375	-	375	-	375	375	-	375	-	375
Total	49,021,481	1,005,173	46,639,861	1,376,447	49,021,481	46,594,801	496,401	44,653,274	1,445,126	46,594,801
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	7,530,153	129,375	7,092,754	308,024	7,530,153	8,629,688	140,679	8,272,382	216,627	8,629,688
-Hedging derivatives	853,859	-	853,859	-	853,859	468,246	-	468,246	-	468,246
Financial liabilities designated at fair values	2,399,968	-	2,012,700	387,268	2,399,968	2,848,922	-	2,489,833	359,089	2,848,922
Total	10,783,980	129,375	9,959,313	695,292	10,783,980	11,946,856	140,679	11,230,461	575,716	11,946,856

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2016 and 31 December 2015 for the Group and the Bank:

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2016							
At 1 January	157,385	1,315,165	132,878	1,605,428	(216,627)	(359,089)	(575,716)
Total (losses)/gains recognised in statement of income	(71)	6,202	(77,205)	(71,074)	(75,473)	(35,370)	(110,843)
Total losses recognised in other comprehensive income	-	9,426	-	9,426	-	-	-
Purchases	-	10,111	26,852	36,963	(22,232)	-	(22,232)
Sales and redemptions	-	(23,708)	-	(23,708)	-	-	-
Settlements	-	-	(8,004)	(8,004)	4,398	7,191	11,589
Exchange fluctuation	(9,640)	(24,529)	(1,169)	(35,338)	1,910	-	1,910
At 30 June	147,674	1,292,667	73,352	1,513,693	(308,024)	(387,268)	(695,292)

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

- net non-interest income
- interest expense

(71)	6,202	(77,205)	(71,074)	(75,473)	(27,679)	(103,152)
-	-	-	-	-	(7,691)	(7,691)

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

-	9,426	-	9,426	-	-	-
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Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 30 June 2016 under "net non-interest income"

(71)	4,886	(7,065)	(2,250)	(113,393)	(27,679)	(141,072)
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	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2015							
At 1 January	132,681	1,527,117	66,855	1,726,653	(870,966)	(360,736)	(1,231,702)
Total gains/(losses) recognised in statement of income	769	(15,077)	58,126	43,818	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	1,283	-	1,283	-	-	-
Purchases	-	80,443	32,137	112,580	(28,853)	-	(28,853)
New issuances	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(383,774)	-	(388,774)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	28,935	105,173	2,067	136,175	(99,281)	-	(99,281)
At 31 December	157,385	1,315,165	132,878	1,605,428	(216,627)	(359,089)	(575,716)

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

- net non-interest income
- interest expense
- allowances for other impairment losses

769	(14,588)	58,126	44,307	765,434	(10,761)	754,673
-	-	-	-	-	(14,095)	(14,095)
-	(489)	-	(489)	-	-	-

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

-	1,283	-	1,283	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"

2,484	(29,321)	64,645	37,808	(49,501)	(10,761)	(60,262)
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PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2016 and 31 December 2015 for the Group and the Bank (Continued) :

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Bank							
2016							
At 1 January	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)
Total (losses)/gains recognised in statement of income	(29)	4,872	(77,205)	(72,362)	(75,473)	(35,370)	(110,843)
Total gains recognised in other comprehensive income	-	13,360	-	13,360	-	-	-
Purchases	-	10,111	26,852	36,963	(22,232)	-	(22,232)
Sales and redemptions	-	(11,927)	-	(11,927)	-	-	-
Settlements	-	-	(8,004)	(8,004)	4,398	7,191	11,589
Exchange fluctuation	(3,972)	(21,568)	(1,169)	(26,709)	1,910	-	1,910
At 30 June	60,828	1,242,267	73,352	1,376,447	(308,024)	(387,268)	(695,292)
Total (losses)/gains recognised in statement of income for financial period ended 30 June 2016 under:							
- net non-interest income	(29)	4,872	(77,205)	(72,362)	(75,473)	(27,679)	(103,152)
- interest expense	-	-	-	-	-	(7,691)	(7,691)
Total gains recognised in other comprehensive income for financial period ended 30 June 2016 under "revaluation reserves"	-	13,360	-	13,360	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 30 June 2016 under "net non-interest income"	(29)	4,872	(7,065)	(2,222)	(113,393)	(27,679)	(141,072)
	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Bank							
2015							
At 1 January	58,602	1,313,531	66,855	1,438,988	(870,966)	(360,736)	(1,231,702)
Total (losses)/gains recognised in statement of income	(689)	(23,419)	58,126	34,018	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	56,951	-	56,951	-	-	-
Purchases	-	80,258	32,137	112,395	(28,853)	-	(28,853)
New issuances	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(259,861)	-	(264,861)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	11,916	79,959	2,067	93,942	(99,281)	-	(99,281)
At 31 December	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2015 under:							
- net non-interest income	(689)	(23,419)	58,126	34,018	765,434	(10,761)	754,673
- interest expense	-	-	-	-	-	(14,095)	(14,095)
Total gains recognised in other comprehensive income for financial year ended 31 December 2015 under "revaluation reserves"	-	56,951	-	56,951	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"	1,026	(29,321)	64,645	36,350	(49,501)	(10,761)	(60,262)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

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

		Group		Bank	
	Note	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Assets					
Cash and short-term funds		9,989,269	7,475,867	1,160,331	1,540,012
Deposits and placements with banks and other financial institutions		561,530	404,241	655,557	271,289
Financial assets held for trading		1,858,878	2,945,220	265,648	253,282
Financial investments available-for-sale		1,778,237	2,337,791	299,952	398,812
Financial investments held-to-maturity		2,724,348	1,893,963	225,221	229,432
Islamic derivative financial instruments		460,368	479,624	2,411	3,344
Financing, advances and other financing/loans	A25c	46,959,824	45,028,998	4,465,233	4,703,558
Other assets		870,986	595,390	573,967	425,611
Deferred taxation		22,720	30,454	-	-
Amount due from conventional operations		1,919,780	1,374,083	-	-
Amount due from related companies		3,249,710	2,988,364	3,249,153	2,987,728
Statutory deposits with Bank Negara Malaysia		1,359,394	1,257,178	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		77,928	83,005	50	64
Property, plant and equipment		11,081	12,628	29	32
Total assets		71,980,053	67,042,806	10,897,552	10,813,164
Liabilities					
Deposits from customers	A25d	49,356,888	46,820,998	2,807,251	2,573,118
Investment accounts of customers	A25e	243,200	232,716	-	-
Deposits and placements of banks and other financial institutions		4,217,070	3,584,073	2,665,117	2,341,073
Investment accounts due to designated financial institutions	A25f	4,004,752	2,900,982	-	-
Financial liabilities designated at fair value	A25g	164,216	199,063	-	-
Islamic derivative financial instruments		606,735	586,143	932	82
Other liabilities		5,556,557	5,003,218	4,956,920	4,595,621
Recourse obligation on loans and financing sold to Cagamas		1,353,207	502,368	-	-
Amount due to related company		311,314	1,190,830	215,868	1,074,832
Amount due to conventional operations		-	11,043	-	-
Provision for taxation and Zakat		61,711	37,587	-	-
Subordinated Sukuk		606,744	856,983	-	-
Total liabilities		66,482,394	61,926,004	10,646,088	10,584,726
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,277,659	3,896,802	251,464	228,438
Total equity		5,497,659	5,116,802	251,464	228,438
Total equity and liabilities		71,980,053	67,042,806	10,897,552	10,813,164

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	588,456	598,968	1,228,455	1,127,649
Income derived from investment of investment accounts	49,779	-	92,357	-
Net income derived from investment of shareholders' funds	90,938	98,733	151,395	226,061
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(6,768)	(16,499)	6,242	(51,655)
Allowance for losses on other receivables	(148)	(42)	(115)	(67)
Total distributable income	722,257	681,160	1,478,334	1,301,988
Income attributable to depositors	(378,843)	(357,181)	(748,552)	(683,377)
Profit distributed to investment account holder	(148)	-	(275)	-
Total net income	343,266	323,979	729,507	618,611
Other operating expenses	(113,859)	(127,543)	(243,006)	(256,922)
Profit before taxation	229,407	196,436	486,501	361,689
Taxation	(51,230)	(43,493)	(105,917)	(84,864)
Profit for the financial period	178,177	152,943	380,584	276,825

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

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	178,177	152,943	380,584	276,825
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	2,449	2,537	8,040	15,598
- Net gain from change in fair value	4,104	4,587	15,394	21,692
- Realised gain transferred to statement of income on disposal and impairment	(308)	(1,082)	(3,320)	(1,225)
- Income tax effects	(1,347)	(968)	(4,034)	(4,869)
Exchange fluctuation reserve	1,913	1,909	(11,708)	6,408
Other comprehensive income/(expense) for the financial period, net of tax	4,362	4,446	(3,668)	22,006
Total comprehensive income for the period	182,539	157,389	376,916	298,831
Total net income	343,266	323,979	729,507	618,611
Add: Allowance for impairment losses on financing, advances and other financing/loans made/(written-back)	6,768	16,499	(6,242)	51,655
Add: Allowance for losses on other receivables	148	42	115	67
Income from Islamic operations (per page 2)	350,182	340,520	723,380	670,333

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	24,071	24,530	62,465	39,960
Net income derived from investment of shareholders' funds	6,300	4,369	14,403	9,412
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(109)	(355)	24	(507)
Total distributable income	30,262	28,544	76,892	48,865
Income attributable to depositors	(14,207)	(6,320)	(27,222)	(11,464)
Total net income	16,055	22,224	49,670	37,401
Profit for the financial period	16,055	22,224	49,670	37,401

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

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	16,055	22,224	49,670	37,401
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	2,181	(2,241)	2,633	(1,280)
- Net gain/(loss) from change in fair value	2,194	(2,240)	2,057	(1,146)
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(13)	(1)	576	(134)
Exchange fluctuation reserve	4,447	3,622	(18,130)	13,247
Other comprehensive income/(expense) for the financial period, net of tax	6,628	1,381	(15,497)	11,967
Total comprehensive income for the period	22,683	23,605	34,173	49,368
Total net income	16,055	22,224	49,670	37,401
Add: Allowances for impairment losses on financing, advances and other financing/loans made/(written-back)	109	355	(24)	507
Income from Islamic operations (per page 4)	16,164	22,579	49,646	37,908

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
At 30 June 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	3,342	649,438	-	2	652,782
Term financing					
- Housing financing	-	9,995,801	1,474,364	-	11,470,165
- Syndicated term financing	-	2,210,079	135,437	76,094	2,421,610
- Hire purchase receivables	-	-	3,948,907	-	3,948,907
- Other term financing	-	21,742,259	57,731	3,191,444	24,991,434
Credit card receivables	-	-	-	114,568	114,568
Bills receivable	326	31,908	-	214,936	247,170
Islamic trust receipts	-	18,910	-	104,508	123,418
Claim on customers under acceptance credit	-	376,473	-	-	376,473
Revolving credits	-	2,590,909	-	185,840	2,776,749
Share purchases financing	-	2,258	-	-	2,258
Ar Rahn	-	-	-	6	6
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	3,668	37,618,035	5,616,439	3,887,400	47,125,542
Fair value changes arising from fair value hedges					147,439
					47,272,981
Less: Allowance for impairment losses					
- Individual impairment allowance					(52,115)
- Portfolio impairment allowance					(261,042)
					(313,157)
					46,959,824

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

^ Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

i) By type and Shariah contract (continued)

The Bank

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
At 30 June 2016			
Cash line	-	2	2
Term financing			
- Syndicated term financing	-	76,094	76,094
- Other term financing	694,598	3,191,444	3,886,042
Bills receivable	-	214,936	214,936
Islamic trust receipts	-	104,508	104,508
Revolving credits	-	185,840	185,840
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	694,598	3,772,826	4,467,424
Fair value changes arising from fair value hedges			-
			4,467,424
Less: Allowance for impairment losses			-
- Individual impairment allowance			(2,191)
- Portfolio impairment allowance			(2,191)
			4,465,233
			Total financing, advances and other financing/loans
At 31 Dec 2015	Bai'	Others	RM'000
	RM'000	RM'000	RM'000
Term financing			
- Syndicated term financing	-	29,919	29,919
- Other term financing	815,281	3,257,296	4,072,577
Islamic trust receipts	-	94,073	94,073
Revolving credits	-	509,243	509,243
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	815,281	3,890,533	4,705,814
Fair value changes arising from fair value hedges			-
			4,705,814
Less: Allowance for impairment losses			-
- Individual impairment allowance			(2,256)
- Portfolio impairment allowance			(2,256)
			4,703,558

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM3,575 million (2015: RM3,575 million) financing using Islamic profit rate swaps.

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

As at 30 June 2016, the gross exposures to RPSIA financing is RM3,326 million (31 December 2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA is RM4.7 million (31 December 2015: RM5.4 million).

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 June 2016	31 Dec 2015
	RM'000	RM'000
As at 1 January	17,267	10,277
New disbursement	1,878	13,522
Repayment	(15,477)	(6,532)
As at 30 June/31 December	3,668	17,267
Sources of Qard fund:		
Depositors' fund	3,419	16,122
Shareholders' fund	249	1,145
	3,668	17,267
Uses of Qard fund:		
Personal use	381	337
Business purpose	3,287	16,930
	3,668	17,267

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

ii) By geographical distribution

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Malaysia	42,845,050	40,805,185	186,932	230,014
Indonesia	70,549	47,251	70,549	47,251
Singapore	3,079,883	3,183,243	3,079,883	3,183,243
Other countries	1,130,060	1,245,306	1,130,060	1,245,306
	47,125,542	45,280,985	4,467,424	4,705,814

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

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Malaysia	518,843	424,383	-	-

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

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
At 1 January	424,383	457,860	-	-
Classified as impaired during the financial period/year	343,907	534,355	-	-
Reclassified as not impaired during the financial period/year	(129,683)	(305,934)	-	-
Amount written back in respect of recoveries	(53,288)	(103,317)	-	-
Amount written off	(66,476)	(158,581)	-	-
Balance as at 30 June/31 December	518,843	424,383	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.10%	0.94%	0.00%	0.00%

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

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
Individual impairment allowance				
At 1 January	46,168	39,713	-	-
Net allowance made during the financial period/year	5,947	7,436	-	-
Amount written off	-	(981)	-	-
Balance as at 30 June/31 December	52,115	46,168	-	-
Portfolio impairment allowance				
At 1 January	316,310	347,623	2,256	1,193
Net allowance made/(written-back) during the financial period/year	11,298	126,030	(24)	826
Amount written off	(66,525)	(157,580)	-	-
Exchange fluctuation	(41)	237	(41)	237
Balance as at 30 June/31 December	261,042	316,310	2,191	2,256
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.06%	1.05%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2016 RM'000	31 Dec 2015 RM'000	30 June 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,019,772	2,694,000	126,076	109,841
Demand deposit				
Wadiah	9,387,215	9,236,611	201,721	270,875
Qard	284,225	386,784	-	-
Term deposit				
Commodity Murabahah	36,169,507*	33,230,363	2,324,391	1,934,275
Islamic negotiable instruments				
Mudharabah	139,860	344,450	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,342	-	-
Short term money market deposit-i				
Wakalah	16,771	17,816	16,771	17,816
Wadiah	-	10,965	-	10,965
Other term deposit				
Wadiah	138,292	239,772	138,292	229,346
General investment account				
Mudharabah	31,965	77,997	-	-
Specific investment account				
Mudharabah	157,334	169,209	-	-
Others - Qard	11,947	14,689	-	-
	49,356,888	46,820,998	2,807,251	2,573,118

*included Qard contract of RM381,254,000

(ii) By maturity structures of term deposits

Due within six months	23,176,809	26,804,221	1,792,309	961,914
Six months to less than one year	8,568,408	7,129,187	684,160	1,229,801
One year to less than three years	4,388,661	390,597	2,985	687
Three years to less than five years	377,746	885	-	-
Five years and more	142,105	164,024	-	-
	36,653,729	34,488,914	2,479,454	2,192,402

(iii) By type of customer

Government and statutory bodies	4,000,835	3,459,433	104	170
Business enterprises	17,037,193	19,006,157	1,569,395	1,648,635
Individuals	9,721,325	9,304,317	1,192,942	889,715
Others	18,597,535	15,051,091	44,810	34,598
	49,356,888	46,820,998	2,807,251	2,573,118

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts - without maturity				
Special Mudharabah Investment Account	<u>243,200</u>	<u>232,716</u>	<u>-</u>	<u>-</u>
	243,200	232,716	-	-

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	<u>4,004,752</u>	<u>2,900,982</u>	<u>-</u>	<u>-</u>
By type of counterparty				
Licensed banks	<u>4,004,752</u>	<u>2,900,982</u>	<u>-</u>	<u>-</u>

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<u>164,216</u>	<u>199,063</u>	<u>-</u>	<u>-</u>

The Group has issued structured investments, and has designated them at fair value in accordance with MFRS139. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2016 was RM476,000 (31 December 2015: RM8,581,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	13,827,640	14,231,613	11,558,862	12,514,068
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.8%	4.0%	3.8%	4.2%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM2,174.6 million for the six months period ended 30 June 2016, RM273.3 million or 14.4% higher as compared to the pre-tax profit of RM1,901.3 million registered in the previous corresponding period. Profit after tax increased by 12.3% to RM1,687.9 million.

Net interest income increased by 2.7% to RM3,104.7 million while income from Islamic Banking operations increased by RM53.0 million to RM723.4 million. Overheads decreased by RM320.9 million to RM2,489.0 million mainly due to non-recurring expenses comprising the provision for Mutual Separation Scheme incurred in second quarter of 2015.

Net non-interest income decreased by 14.0% to RM1,168.0 million, mainly due to lower trading income and lower net fee and commission income. Allowances made for impairment losses on loans, advances and financing decreased by RM21.6 million to RM359.4 million, while allowances for other impairment losses increased to RM45.6 million and share of results from associate increased to RM77.7 million for the six months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Bank is approaching the second half of 2016 with caution in view of macroeconomic challenges. Loan growth will likely be subdued for CIMB Malaysia and CIMB Singapore in line with the slower regional economic prospects, with sustained monitoring of asset quality. CIMB Thai will continue to focus on asset quality and operational reorganisations.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	821,747	708,599	1,684,896	1,498,706
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,790,050	5,148,084	4,790,050
Basic earnings per share (expressed in sen per share)	15.96	14.79	32.73	31.29

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	673,692	600,555	1,256,152	1,259,087
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,790,050	5,148,084	4,790,050
Basic earnings per share (expressed in sen per share)	13.09	12.54	24.40	26.29

b) Diluted EPS

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