

**CIMB ISLAMIC BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016**

		<b>The Group</b>		<b>The Bank</b>	
		<b>31 March 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<b>Assets</b>					
Cash and short term funds	A1	5,739,487	5,644,137	5,739,441	5,644,092
Deposits and placements with banks and other financial institutions	A2	-	141,226	-	141,226
Financial assets held for trading	A3	2,279,006	2,691,938	2,279,006	2,691,938
Financial investments available-for-sale	A4	1,378,564	1,926,048	1,378,564	1,926,048
Financial investments held-to-maturity	A5	1,922,686	1,664,531	1,922,686	1,664,531
Islamic derivative financial instruments	A23 (i)	440,357	476,278	440,357	476,278
Financing, advances and other financing/loans	A6	41,597,799	40,325,440	41,597,799	40,325,440
Other assets	A7	206,580	169,780	206,580	169,780
Deferred taxation		28,744	30,454	28,744	30,454
Amount due from holding company		291,843	-	291,843	-
Amount due from related companies		552	635	552	635
Statutory deposits with Bank Negara Malaysia		1,209,210	1,257,178	1,209,210	1,257,178
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		11,522	12,595	11,522	12,595
Intangible assets		80,331	82,941	80,331	82,941
Goodwill		136,000	136,000	136,000	136,000
<b>Total assets</b>		<b>55,322,681</b>	<b>54,559,181</b>	<b>55,322,646</b>	<b>54,559,147</b>
<b>Liabilities</b>					
Deposits from customers	A8	43,606,756	44,247,880	43,606,756	44,247,880
Investment accounts of customers	A9	243,566	232,716	243,566	232,716
Deposits and placements of banks and other financial institutions	A10	638,917	959,555	638,917	959,555
Investment accounts due to designated financial institutions	A11	3,510,503	2,900,982	3,510,503	2,900,982
Financial liabilities designated at fair value	A12	165,227	199,063	165,227	199,063
Islamic derivative financial instruments	A23 (i)	654,099	586,061	654,099	586,061
Amount due to holding company		-	11,043	-	11,043
Amount due to subsidiaries		-	-	-	1
Amount due to related companies		23,496	2,616	23,496	2,616
Other liabilities	A13	468,555	414,448	468,555	414,448
Recourse obligation on loans and financing sold to Cagamas		1,354,871	502,368	1,354,871	502,368
Provision for tax and Zakat		44,480	39,348	44,480	39,348
Subordinated Sukuk	A14	853,702	856,983	853,702	856,983
<b>Total liabilities</b>		<b>51,564,172</b>	<b>50,953,063</b>	<b>51,564,172</b>	<b>50,953,064</b>
<b>Equity</b>					
<b>Capital and reserves attributable to equity holder of the Bank</b>					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		2,538,509	2,386,118	2,538,474	2,386,083
		3,538,509	3,386,118	3,538,474	3,386,083
Perpetual preference shares		220,000	220,000	220,000	220,000
<b>Total equity</b>		<b>3,758,509</b>	<b>3,606,118</b>	<b>3,758,474</b>	<b>3,606,083</b>
<b>Total equity and liabilities</b>		<b>55,322,681</b>	<b>54,559,181</b>	<b>55,322,646</b>	<b>54,559,147</b>
<b>Commitments and contingencies</b>	A23 (ii)	<b>38,114,518</b>	29,305,914	<b>38,114,518</b>	29,305,914
Net assets per ordinary share attributable to owners of the Parent (RM)		3.54	3.39	3.54	3.39

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

**CIMB ISLAMIC BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2016**

		The Group and The Bank			
		1st Quarter Ended		3 Months Ended	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A15	601,583	512,055	601,583	512,055
Income derived from investment of investment account	A16	42,578	-	42,578	-
Income derived from investment of shareholder's funds	A17	49,080	120,820	49,080	120,820
Write back/(allowances for) losses on financing advances and other financing/loans	A18	12,877	(35,004)	12,877	(35,004)
Write-back/(allowances for) impairment losses on other receivables		33	(25)	33	(25)
<b>Total distributable income</b>		<b>706,151</b>	597,846	<b>706,151</b>	597,846
Income attributable to depositors	A19	(357,072)	(355,040)	(357,072)	(355,040)
Profit distributed to investment account holder	A20	(29,480)	-	(29,480)	-
<b>Total net income</b>		<b>319,599</b>	242,806	<b>319,599</b>	242,806
Personnel costs	A21	(9,174)	(19,958)	(9,174)	(19,958)
Other overheads and expenditures	A22	(119,285)	(108,357)	(119,285)	(108,357)
<b>Profit before taxation</b>		<b>191,140</b>	114,491	<b>191,140</b>	114,491
Taxation		(47,039)	(32,215)	(47,039)	(32,215)
<b>Profit for the financial period</b>		<b>144,101</b>	82,276	<b>144,101</b>	82,276

**CIMB ISLAMIC BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2016**

<b>Profit for the period</b>	<b>144,101</b>	<b>82,276</b>	<b>144,101</b>	<b>82,276</b>
<b>Other comprehensive income/(expenses):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Revaluation reserve of financial investments available-for-sale				
- Net gain from change in fair value	12,385	15,614	12,385	15,614
- Realised gain transferred to statement of income on disposal	(1,189)	(10)	(1,189)	(10)
- Income tax effects	(2,687)	(3,901)	(2,687)	(3,901)
Other comprehensive income for the period, net of tax	8,509	11,703	8,509	11,703
<b>Total comprehensive income for the period</b>	<b>152,610</b>	<b>93,979</b>	<b>152,610</b>	<b>93,979</b>

Earnings per share -basis (sen)	B3	14.41	8.23	14.41	8.23
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The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

**CIMB ISLAMIC BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

The Group	← Attributable to owners of the Parent →									
	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
<b>31 March 2016</b>										
<b>At 1 January 2016</b>	<b>1,000,000</b>	<b>220,000</b>	<b>945,153</b>	<b>(26,520)</b>	<b>(2,457)</b>	<b>458</b>	<b>60,957</b>	<b>547</b>	<b>1,407,980</b>	<b>3,606,118</b>
Net profit for the financial period	-	-	-	-	-	-	-	-	144,101	144,101
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	8,509	-	-	-	-	-	8,509
Total comprehensive income for the period	-	-	-	8,509	-	-	-	-	144,101	152,610
Share-based payment expense	-	-	-	-	-	-	92	-	-	92
Transfer to regulatory reserve	-	-	-	-	-	38,300	-	(38,300)	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(311)	-	-	(311)
<b>At 31 March 2016</b>	<b>1,000,000</b>	<b>220,000</b>	<b>945,153</b>	<b>(18,011)</b>	<b>(2,457)</b>	<b>458</b>	<b>99,257</b>	<b>328</b>	<b>1,513,781</b>	<b>3,758,509</b>
<b>31 March 2015</b>										
<b>At 1 January 2015</b>	<b>1,000,000</b>	<b>220,000</b>	<b>844,149</b>	<b>(17,270)</b>	<b>(2,457)</b>	<b>458</b>	<b>-</b>	<b>674</b>	<b>1,165,916</b>	<b>3,211,470</b>
Net profit for the financial period	-	-	-	-	-	-	-	-	82,276	82,276
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	11,703	-	-	-	-	-	11,703
Total comprehensive income for the period	-	-	-	11,703	-	-	-	-	82,276	93,979
Share-based payment expense	-	-	-	-	-	-	169	-	-	169
Transfer to regulatory reserve	-	-	-	-	-	4,050	-	(4,050)	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(475)	-	-	(475)
<b>At 31 March 2015</b>	<b>1,000,000</b>	<b>220,000</b>	<b>844,149</b>	<b>(5,567)</b>	<b>(2,457)</b>	<b>458</b>	<b>4,050</b>	<b>368</b>	<b>1,244,142</b>	<b>3,305,143</b>

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



**CIMB ISLAMIC BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2016**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 March 2016 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>31 March 2015 RM'000</b>
Profit before taxation	<b>191,140</b>	114,491	<b>191,140</b>	114,491
Adjustments for non-cash items	<b>(82,545)</b>	5,080	<b>(82,545)</b>	5,080
Operating profit before changes in working capital	<b>108,595</b>	119,571	<b>108,595</b>	119,571
Net changes in operating assets	<b>(942,210)</b>	(1,413,212)	<b>(942,210)</b>	(1,413,212)
Net changes in operating liabilities	<b>(194,842)</b>	8,959,975	<b>(194,843)</b>	8,959,975
Tax paid	<b>(52,304)</b>	(41,588)	<b>(52,304)</b>	(41,588)
<b>Net cash generated from operating activities</b>	<b>(1,080,761)</b>	7,624,746	<b>(1,080,762)</b>	7,624,746
Net cash flows used in investing activities	<b>338,704</b>	(517,223)	<b>338,704</b>	(517,223)
Net cash flows generated from/(used in) financing activities	<b>837,407</b>	(14,999)	<b>837,407</b>	(14,999)
<b>Net change in cash and cash equivalents</b>	<b>95,350</b>	7,092,524	<b>95,349</b>	7,092,524
Cash and cash equivalents at beginning of the financial period	<b>5,644,137</b>	5,134,659	<b>5,644,092</b>	5,134,612
Cash and cash equivalents at end of the financial period	<b>5,739,487</b>	12,227,183	<b>5,739,441</b>	12,227,136

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

## **PART A - EXPLANATORY NOTES**

### **A. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial period ended 31 March 2016 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments 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:

- Amendments to MFRS 11, "Joint Arrangements"
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendments to MFRS 127, "Separate Financial Statements"
  
- Annual improvement to MFRSs 2012 - 2014 Cycle
  - Amendment to MFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"
  - Amendment to MFRS 7, "Financial Instruments: Disclosure-Servicing contracts"
  - Amendment to MFRS 7, "Financial Instruments: Disclosure-Applicability of the amendments to MFRS 7 to condensed interim financial statements"
  - Amendment to MFRS 119, "Employee Benefits"
  - Amendment to MFRS 134, "Interim Financial Reporting"
  
- Amendments to MFRSs 101, "Presentation of financial statements"

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**B. CHANGES IN ESTIMATES**

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

**C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES**

On 21 April 2016, the Bank has redeemed its RM250 million Basel II Tier-2 Junior Sukuk.

**D. PROPOSED DIVIDEND**

There were no dividends paid or proposed for the period ended 31 March 2016.

**E. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

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

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>A1 Cash and short-term funds</b>				
Cash and balances with banks and other financial institutions	611,583	822,014	611,537	821,969
Money at call and deposit placements maturing within one month	5,127,904	4,822,123	5,127,904	4,822,123
	<u>5,739,487</u>	<u>5,644,137</u>	<u>5,739,441</u>	<u>5,644,092</u>
			<b>The Group and the Bank</b>	
			31 March	31 December
			2016	2015
			RM'000	RM'000
<b>A2 Deposits and placements with banks and other financial institutions</b>				
Licensed banks			-	99,002
Other financial institutions			-	42,224
			<u>-</u>	<u>141,226</u>
<b>A3 Financial assets held for trading</b>				
<b>Money market instruments</b>				
<b>Unquoted</b>				
<u>In Malaysia</u>				
Malaysian Government treasury bills			-	14,861
Bank Negara monetary notes			-	19,918
Islamic negotiable instruments of deposits			1,991,796	2,230,491
Government Investment Issues			141,239	123,405
			<u>2,133,035</u>	<u>2,388,675</u>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Islamic private debt securities			68,311	218,039
<u>Outside Malaysia</u>				
Islamic private debt securities			77,660	85,224
			<u>2,279,006</u>	<u>2,691,938</u>
<b>A4 Financial investments available-for-sale</b>				
<b>Money market instruments</b>				
<b>Unquoted</b>				
<u>In Malaysia</u>				
Government Investment Issues			10,113	229,054
Islamic Cagamas bonds			20,773	23,671
Malaysian Government Sukuk			37,245	44,168
Khazanah bonds			-	20,189
			<u>68,131</u>	<u>317,082</u>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Islamic private debt securities			1,235,271	1,526,399
Placement with IBFIM			575	575
<u>Outside Malaysia</u>				
Islamic private debt securities			74,587	81,992
			<u>1,378,564</u>	<u>1,926,048</u>
<b>A5 Financial investments held-to-maturity</b>				
<b>Money market instruments</b>				
<b>Unquoted</b>				
<u>In Malaysia</u>				
Government Investment Issues			534,722	433,885
Islamic Cagamas bonds			30,933	30,724
Khazanah bonds			12,662	12,662
			<u>578,317</u>	<u>477,271</u>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Islamic private debt securities			1,343,306	1,186,380
Amortisation of premium less accretion of discount			1,063	880
			<u>1,922,686</u>	<u>1,664,531</u>



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A6 Financing, advances and other financing/loans**

**(i) Financing by types and Shariah contracts**

**At amortised cost:**

	The Group and the Bank				Total RM'000
	Bai' RM'000	Ijarah RM'000	Qard RM'000	Others RM'000	
<b>31 March 2016</b>					
Cash line^	622,218	-	14,701	-	636,919
Term financing					
- House financing	9,789,506	1,439,790	-	-	11,229,296
- Syndicated financing	2,125,379	148,055	-	-	2,273,434
- Hire purchase receivables	-	4,102,724	-	-	4,102,724
- Other term financing	20,434,265	57,177	-	-	20,491,442
Bills receivable	3,947	-	-	-	3,947
Islamic trust receipts	18,578	-	-	-	18,578
Claims on customer under Islamic accepted bills	301,543	-	-	-	301,543
Credit card receivables	-	-	-	112,625	112,625
Revolving credits	2,608,191	-	-	-	2,608,191
Share purchase financing	3,555	-	-	-	3,555
Ar Rahnu	-	-	-	25	25
Gross financing, advances and other financing/loans	<u>35,907,182</u>	<u>5,747,746</u>	<u>14,701</u>	<u>112,650</u>	<u>41,782,279</u>
Fair value changes arising from fair value hedges					145,829
Less : Allowance for impairment losses					
- Individual impairment allowance					(46,839)
- Portfolio impairment allowance					(283,470)
Total net financing, advances and other financing/loans					<u><u>41,597,799</u></u>

**31 December 2015**

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

^ Includes current account in excess

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

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

As at 31 March 2016, the gross exposures to RPSIA financing is RM3,242 million (31 December 2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM4.8 million (31 December 2015: RM5.4 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

(c) Movement of Qard financing

	<b>The Group and the Bank</b>	
	<b>31 March 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2016/2015	<b>17,267</b>	10,277
New disbursement	<b>11,511</b>	13,522
Repayment	<b>(14,077)</b>	(6,532)
As at 31 March/ 31 December	<b>14,701</b>	17,267
Sources of Qard fund:		
Depositors' fund	<b>13,658</b>	16,122
Shareholders' fund	<b>1,043</b>	1,145
	<b>14,701</b>	17,267
Uses of Qard fund:		
Personal use	<b>255</b>	337
Business purpose	<b>14,446</b>	16,930
	<b>14,701</b>	17,267

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By geographical distribution:</b>		
Malaysia	<b>41,782,279</b>	40,575,171
	<b>41,782,279</b>	40,575,171
<b>(iii) By type of customer :</b>		
Domestic non-bank financial institutions	<b>1,630,419</b>	1,657,505
Domestic business enterprises		
- Small medium enterprises	<b>6,340,597</b>	6,233,846
- Others	<b>3,950,504</b>	4,120,572
Government and statutory bodies	<b>7,330,186</b>	6,777,740
Individuals	<b>22,307,360</b>	21,533,091
Other domestic entities	<b>81,177</b>	85,076
Foreign entities	<b>142,036</b>	167,341
	<b>41,782,279</b>	40,575,171
<b>(iv) By profit rate sensitivity :</b>		
Fixed rate		
- House financing	<b>139,853</b>	142,863
- Hire purchase receivables	<b>4,102,724</b>	4,306,661
- Others	<b>10,594,643</b>	10,595,140
Variable rate		
- House financing	<b>11,089,443</b>	10,877,207
- Other financing	<b>15,855,616</b>	14,653,300
	<b>41,782,279</b>	40,575,171
<b>(v) By economic purpose :</b>		
Personal use	<b>2,629,567</b>	2,678,136
Credit card	<b>112,625</b>	115,218
Construction	<b>1,469,125</b>	1,509,395
Residential property	<b>11,498,358</b>	11,275,976
Non-residential property	<b>3,788,043</b>	3,808,146
Purchase of fixed assets other than land and building	<b>172,211</b>	190,870
Merger and acquisition	<b>557</b>	593
Purchase of securities	<b>3,059,919</b>	2,254,002
Purchase of transport vehicles	<b>4,364,063</b>	4,571,338
Working capital	<b>10,178,174</b>	9,714,362
Other purpose	<b>4,509,637</b>	4,457,135
	<b>41,782,279</b>	40,575,171
<b>(vi) By residual contractual maturity :</b>		
Within one year	<b>4,012,218</b>	3,673,132
One year to less than three years	<b>3,654,429</b>	3,662,243
Three years to less than five years	<b>6,807,548</b>	6,980,706
Five years and more	<b>27,308,084</b>	26,259,090
	<b>41,782,279</b>	40,575,171

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vii) Impaired financing by economic purpose :</b>		
Personal use	26,349	27,423
Credit card	3,709	3,463
Construction	39,714	40,150
Residential property	92,698	93,851
Non-residential property	71,799	40,038
Purchased of fixed assets other than land & building	375	379
Purchase of securities	733	988
Purchase of transport vehicles	99,415	106,316
Working capital	77,956	74,433
Other purpose	57,920	37,343
	<u>470,668</u>	<u>424,384</u>
<b>(viii) Impaired financing by geographical distribution:</b>		
Malaysia	470,668	424,384
	<u>470,668</u>	<u>424,384</u>
<b>(ix) Movement in impaired financing, advances and other financing/loans :</b>		
As at 1 January	424,384	457,861
Classified as impaired during the financial year	166,331	534,355
Reclassified as non-impaired during the period/year	(63,039)	(305,934)
Amount written back in respect of recoveries	(25,059)	(103,317)
Amount written off	(31,949)	(158,581)
As at 31 March/ 31 December	<u>470,668</u>	<u>424,384</u>
Ratio of gross impaired financing to total financing advances, and other financing/loans	<u>1.13%</u>	<u>1.05%</u>
<b>(x) Movements in allowance for impaired financing :</b>		
<b>Individual impairment allowance</b>		
As at 1 January	46,168	39,713
Net allowance made during the period/year	671	7,436
Amount written off	-	(981)
As at 31 March/ 31 December	<u>46,839</u>	<u>46,168</u>
<b>Portfolio impairment allowance</b>		
As at 1 January	314,054	346,430
Net allowance made during the period/year	1,365	125,204
Amount written off	(31,949)	(157,580)
As at 31 March/ 31 December	<u>283,470</u>	<u>314,054</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	<u>1.20%</u>	<u>1.20%</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**The Group and the Bank**  
**31 March**      31 December  
**2016**            2015  
**RM'000**           RM'000

**A7 Other assets**

Deposits and prepayments	4,575	4,176
Sundry debtors	136,981	100,929
Credit Support Annex for derivative transactions	49,605	52,790
Clearing accounts	15,419	11,885
	<u>206,580</u>	<u>169,780</u>

**A8 Deposits from customers**

**(i) By type of deposit**

Savings deposits	2,825,659	2,584,159
Wadiah	<u>2,825,659</u>	<u>2,584,159</u>
Demand deposits	9,154,952	9,352,520
Wadiah	<u>8,855,388</u>	<u>8,965,736</u>
Qard	<u>299,564</u>	<u>386,784</u>
Term deposits	31,614,855	32,296,512
Commodity Murabahah	31,157,804	31,296,088
Islamic negotiable instruments	241,336	742,792
Mudharabah	<u>241,336</u>	<u>344,450</u>
Hybrid (Bai Bithamin Ajil and Bai al-Dayn)	<u>-</u>	<u>398,342</u>
General investment account	50,470	77,997
Mudharabah	<u>50,470</u>	<u>77,997</u>
Specific investment account	165,245	169,209
Mudharabah	<u>165,245</u>	<u>169,209</u>
Other term deposit	-	10,426
Wadiah	<u>-</u>	<u>10,426</u>
Others - Qard	11,290	14,689
	<u>43,606,756</u>	<u>44,247,880</u>

**(ii) Maturity structures of term deposits**

Due within six months	26,698,870	25,842,307
Six months to less than one year	4,506,257	5,899,386
One year to less than three years	246,167	389,910
Three years to less than five years	20,635	885
Five years and more	142,926	164,024
	<u>31,614,855</u>	<u>32,296,512</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	31 December
	<b>2016</b>	2015
	<b>RM'000</b>	RM'000
<b>A8 Deposits from customers (continued)</b>		
<b>(iii) By type of customer</b>		
Government and statutory bodies	3,275,296	3,459,263
Business enterprises	15,690,529	17,357,522
Individuals	8,561,221	8,414,602
Others	16,079,710	15,016,493
	<u>43,606,756</u>	<u>44,247,880</u>
<b>A9 Investment accounts of customers</b>		
Unrestricted investment accounts		
- without maturity		
Special Mudharabah Investment Account	<u>243,566</u>	<u>232,716</u>
<b>A10 Deposits and placements of banks and other financial institutions</b>		
<u>Non-Mudharabah</u>		
Licensed Islamic banks	-	85,901
Licensed investment banks	22,222	173,345
Licensed banks	498,761	473,446
Bank Negara Malaysia	-	159,026
Other financial institutions	117,934	67,837
	<u>638,917</u>	<u>959,555</u>
The maturity structure of deposits and placements from financial institutions are as follows:		
Due within six months	635,956	772,251
Six months to less than one year	2,961	187,304
	<u>638,917</u>	<u>959,555</u>
<b>A11 Investment accounts due to designated financial institutions</b>		
Restricted investment accounts		
Mudharabah	<u>3,510,503</u>	<u>2,900,982</u>
By type of counterparty		
Licensed banks	<u>3,510,503</u>	<u>2,900,982</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**The Group and the Bank**  
**31 March**      31 December  
**2016**            2015  
**RM'000**           RM'000

**A12 Financial liabilities designated at fair value**

Deposits from customers - structured investments	<u>165,227</u>	<u>199,063</u>
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group and the Bank as at 31 March 2016 of financial liabilities designated at fair value were RM1,479,000 (31 December 2015:RM8,581,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

**A13 Other liabilities**

Accruals and other payables	<b>209,109</b>	168,708
Clearing accounts	<b>249,290</b>	234,571
Others	<b>10,156</b>	11,169
	<u><b>468,555</b></u>	<u>414,448</u>

**A14 Subordinated sukuk**

**The Group and the Bank**

The RM850 million subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

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

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

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

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

**PART A - EXPLANATORY NOTES (CONTINUED)**

	1st Quarter Ended		3 Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
<b>A15 Income derived from investment of depositors' funds and others</b>				
<b>The Group and The Bank</b>				
Income derived from investment of :				
a) General investment deposits	408,352	308,429	408,352	308,429
b) Specific investment deposits	4,741	18,265	4,741	18,265
c) Other deposits	188,490	185,361	188,490	185,361
	<b>601,583</b>	<b>512,055</b>	<b>601,583</b>	<b>512,055</b>
<b>a) Income derived from investment of general investment deposits</b>				
Financing, advances and other financing/loans				
- Profit income	305,673	265,797	305,673	265,797
- Unwinding income <sup>^</sup>	2,002	1,245	2,002	1,245
Financial assets held for trading	3,918	3,857	3,918	3,857
Financial investments available-for-sale	10,925	12,410	10,925	12,410
Financial investments held-to-maturity	12,541	4,535	12,541	4,535
Money at call and deposit with financial institutions	28,123	34,187	28,123	34,187
	<b>363,182</b>	<b>322,031</b>	<b>363,182</b>	<b>322,031</b>
Accretion of discount less amortisation of premium	13,511	14,871	13,511	14,871
Total finance income and hibah	<b>376,693</b>	<b>336,902</b>	<b>376,693</b>	<b>336,902</b>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	1,513	551	1,513	551
- unrealised gain	75	116	75	116
- Net gain from sale of financial investments available-for-sale	756	6	756	6
- Net gain/(loss) from foreign exchange transactions	28,593	(29,671)	28,593	(29,671)
	<b>30,937</b>	<b>(28,998)</b>	<b>30,937</b>	<b>(28,998)</b>
Fee and commission income	722	525	722	525
	<b>408,352</b>	<b>308,429</b>	<b>408,352</b>	<b>308,429</b>
<b>b) Income derived from investment of specific investment deposits</b>				
Financing, advances and other financing/loans				
- Profit income	-	12,817	-	12,817
Money at call and deposit with financial institutions	4,741	5,448	4,741	5,448
	<b>4,741</b>	<b>18,265</b>	<b>4,741</b>	<b>18,265</b>

<sup>^</sup> Unwinding income is income earned on impaired financing, advances and other financing/loans



**PART A - EXPLANATORY NOTES (CONTINUED)**

<b>1st Quarter Ended</b>		<b>3 Months Ended</b>	
<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

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

**c) Income derived from investment of other deposits**

Financing, advances and other financing/loans				
- Profit income	<b>141,096</b>	159,741	<b>141,096</b>	159,741
- Unwinding income <sup>^</sup>	<b>924</b>	748	<b>924</b>	748
Financial assets held for trading	<b>1,808</b>	2,318	<b>1,808</b>	2,318
Financial investments available-for-sale	<b>5,043</b>	7,458	<b>5,043</b>	7,458
Financial investments held-to-maturity	<b>5,789</b>	2,725	<b>5,789</b>	2,725
Money at call and deposit with financial institutions	<b>12,981</b>	20,546	<b>12,981</b>	20,546
	<b>167,641</b>	193,536	<b>167,641</b>	193,536
Accretion of discount less amortisation of premium	<b>6,237</b>	8,937	<b>6,237</b>	8,937
Total finance income and hibah	<b>173,878</b>	202,473	<b>173,878</b>	202,473
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	<b>698</b>	331	<b>698</b>	331
- unrealised gain	<b>34</b>	69	<b>34</b>	69
- Net gain from sale of financial investments available-for-sale	<b>349</b>	4	<b>349</b>	4
- Net gain/(loss) from foreign exchange transactions	<b>13,198</b>	(17,832)	<b>13,198</b>	(17,832)
	<b>14,279</b>	(17,428)	<b>14,279</b>	(17,428)
Fee and commission income	<b>333</b>	316	<b>333</b>	316
	<b>188,490</b>	185,361	<b>188,490</b>	185,361

<sup>^</sup> Unwinding income is income earned on impaired financing, advances and other financing/loans

**A16 Income derived from investment of investment account**

**The Group and The Bank**

Financing, advances and other financing/loans				
- Profit income	<b>40,710</b>	-	<b>40,710</b>	-
- Unwinding income <sup>^</sup>	<b>8</b>	-	<b>8</b>	-
Money at call and deposit with financial institutions	<b>1,860</b>	-	<b>1,860</b>	-
	<b>42,578</b>	-	<b>42,578</b>	-

<sup>^</sup> Unwinding income is income earned on impaired financing, advances and other financing/loans

**PART A - EXPLANATORY NOTES (CONTINUED)**

	1st Quarter Ended		3 Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
<b>A17 Income derived from investment of shareholder's funds</b>				
<b>The Group and The Bank</b>				
Financing, advances and other financing/loans				
- Profit income	<b>34,113</b>	28,947	<b>34,113</b>	28,947
- Unwinding income <sup>^</sup>	<b>223</b>	136	<b>223</b>	136
Financial assets held for trading	<b>437</b>	420	<b>437</b>	420
Financial investments available-for-sale	<b>1,219</b>	1,352	<b>1,219</b>	1,352
Financial investments held-to-maturity	<b>1,400</b>	494	<b>1,400</b>	494
Money at call and deposit with financial institutions	<b>3,139</b>	3,723	<b>3,139</b>	3,723
	<b>40,531</b>	35,072	<b>40,531</b>	35,072
Accretion of discount less amortisation of premium	<b>1,508</b>	1,620	<b>1,508</b>	1,620
Total finance income and hibah	<b>42,039</b>	36,692	<b>42,039</b>	36,692
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	<b>169</b>	60	<b>169</b>	60
- unrealised gain	<b>8</b>	13	<b>8</b>	13
- Net gain from sale of financial investments available-for-sale	<b>84</b>	1	<b>84</b>	1
- Net gain/(loss) from foreign exchange transactions	<b>3,191</b>	(3,231)	<b>3,191</b>	(3,231)
- Net loss arising from hedging activities	<b>(469)</b>	(2,336)	<b>(469)</b>	(2,336)
-Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	<b>(462)</b>	(562)	<b>(462)</b>	(562)
- unrealised loss	<b>(7,103)</b>	(4,762)	<b>(7,103)</b>	(4,762)
-Net gain/(loss) arising from derivative financial instrument				
- realised gain	<b>30,630</b>	56,862	<b>30,630</b>	56,862
- unrealised (loss)/gain	<b>(46,138)</b>	7,026	<b>(46,138)</b>	7,026
	<b>(20,090)</b>	53,071	<b>(20,090)</b>	53,071
Fee and commission income	<b>25,452</b>	30,823	<b>25,452</b>	30,823
Less : fee and commission expense	<b>(842)</b>	(1,133)	<b>(842)</b>	(1,133)
Net fee and commission income	<b>24,610</b>	29,690	<b>24,610</b>	29,690
Other income				
- Sundry income	<b>2,521</b>	1,367	<b>2,521</b>	1,367
	<b>49,080</b>	120,820	<b>49,080</b>	120,820

<sup>^</sup> Unwinding income is income earned on impaired financing, advances and other financing/loans

**PART A - EXPLANATORY NOTES (CONTINUED)**

<b>1st Quarter Ended</b>		<b>3 Months Ended</b>	
<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

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

**The Group and The Bank**

Individual impairment allowance				
- Made/(written-back) during the period	<b>671</b>	13,706	<b>671</b>	13,706
Portfolio impairment allowance				
- Made during the period	<b>1,365</b>	29,907	<b>1,365</b>	29,907
Impaired financing :				
- recovered	<b>(15,620)</b>	(10,676)	<b>(15,620)</b>	(10,676)
- written off	<b>707</b>	2,067	<b>707</b>	2,067
	<b>(12,877)</b>	35,004	<b>(12,877)</b>	35,004

**A19 Income attributable to depositors**

**The Group and The Bank**

**Deposits from customers**

- Mudharabah	<b>2,005</b>	14,739	<b>2,005</b>	14,739
- Non-Mudharabah	<b>328,577</b>	287,572	<b>328,577</b>	287,572
- Financial liabilities designated at fair value	<b>1,842</b>	1,527	<b>1,842</b>	1,527

**Deposits and placements of banks and other financial institutions**

- Mudharabah	-	30,988	-	30,988
- Non-Mudharabah	<b>4,665</b>	10,060	<b>4,665</b>	10,060

**Subordinated Sukuk Cagamas**

	<b>10,306</b>	10,154	<b>10,306</b>	10,154
	<b>9,677</b>	-	<b>9,677</b>	-
	<b>357,072</b>	355,040	<b>357,072</b>	355,040

**A20 Profit distributed to investment account holder**

**The Group and The Bank**

-Restricted	<b>29,353</b>	-	<b>29,353</b>	-
-Unrestricted	<b>127</b>	-	<b>127</b>	-
	<b>29,480</b>	-	<b>29,480</b>	-

**A21 Personnel expenses**

**The Group and The Bank**

Salaries, allowances and bonuses	<b>7,107</b>	17,862	<b>7,107</b>	17,862
Pension costs (defined contribution plan)	<b>932</b>	832	<b>932</b>	832
Staff incentives and other staff payments	<b>733</b>	846	<b>733</b>	846
Medical expenses	<b>267</b>	186	<b>267</b>	186
Others	<b>135</b>	232	<b>135</b>	232
	<b>9,174</b>	19,958	<b>9,174</b>	19,958

**PART A - EXPLANATORY NOTES (CONTINUED)**

	1st Quarter Ended		3 Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
<b>A22 Other overheads and expenditures</b>				
<b>The Group and The Bank</b>				
<b>Establishment</b>				
Depreciation of property, plant equipment	<b>1,101</b>	1,003	<b>1,101</b>	1,003
Rental	<b>952</b>	300	<b>952</b>	300
Repairs and maintenance	<b>564</b>	502	<b>564</b>	502
Outsourcing expenses	<b>175</b>	582	<b>175</b>	582
Security expenses	<b>6</b>	9	<b>6</b>	9
Utility expenses	<b>17</b>	73	<b>17</b>	73
Others	<b>1,029</b>	249	<b>1,029</b>	249
	<b>3,844</b>	2,718	<b>3,844</b>	2,718
<b>Marketing</b>				
Advertisement and publicity	<b>1,312</b>	1,236	<b>1,312</b>	1,236
Others	<b>403</b>	722	<b>403</b>	722
	<b>1,715</b>	1,958	<b>1,715</b>	1,958
<b>General expenses</b>				
Communication	<b>12</b>	92	<b>12</b>	92
Legal expenses	<b>179</b>	29	<b>179</b>	29
Stationery	<b>209</b>	130	<b>209</b>	130
Amortisation of intangible assets	<b>2,814</b>	2,531	<b>2,814</b>	2,531
Postages	<b>1,226</b>	985	<b>1,226</b>	985
Donation	<b>1,026</b>	1,441	<b>1,026</b>	1,441
Incidental expenses on banking operations	<b>1,109</b>	98	<b>1,109</b>	98
Takaful	<b>2,317</b>	1,600	<b>2,317</b>	1,600
Others	<b>1,738</b>	1,766	<b>1,738</b>	1,766
	<b>10,630</b>	8,672	<b>10,630</b>	8,672
Total other overheads and expenditures	<b>16,189</b>	13,348	<b>16,189</b>	13,348
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	<b>103,096</b>	95,009	<b>103,096</b>	95,009
	<b>119,285</b>	108,357	<b>119,285</b>	108,357

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A23 Islamic derivative financial instruments, commitments and contingencies**

**(i) Islamic derivative financial instruments**

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

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

The Group and the Bank	31 March 2016			31 December 2015		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	3,775,479	123,993	(196,403)	2,312,595	171,455	(97,623)
- Less than one year	3,174,556	53,013	(134,294)	1,653,599	73,423	(8,541)
- One year to three years	3,682	356	(291)	3,690	504	(436)
- More than three years	597,241	70,624	(61,818)	655,306	97,528	(88,646)
Currency swaps	4,175,593	136,936	(101,716)	4,750,561	86,890	(143,226)
- Less than one year	4,175,593	136,936	(101,716)	4,725,222	83,595	(139,931)
- More than three years	-	-	-	25,339	3,295	(3,295)
Currency spots	115,898	557	(65)	6,938	2	(3)
- Less than one year	115,898	557	(65)	6,938	2	(3)
Currency options	68,123	1,312	(1,309)	12,206	19	(19)
- Less than one year	68,123	1,312	(1,309)	12,206	19	(19)
Cross currency profit rate swaps	2,803,017	132,380	(128,387)	1,510,651	169,734	(165,935)
- Less than one year	891,000	7,880	(7,810)	-	-	-
- More than three years	1,912,017	124,500	(120,577)	1,510,651	169,734	(165,935)
	10,938,110	395,178	(427,880)	8,592,951	428,100	(406,806)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	13,986,280	39,810	(34,222)	8,473,524	41,342	(44,108)
- Less than one year	1,564,220	439	(283)	460,000	215	(192)
- One year to three years	4,611,526	12,149	(11,355)	5,386,121	20,631	(22,804)
- More than three years	7,810,534	27,222	(22,584)	2,627,403	20,496	(21,112)
<u>Equity related derivatives</u>						
Equity options	444,721	4,569	(4,569)	462,541	6,011	(6,011)
- Less than one year	39,504	17	(17)	-	-	-
- One year to three years	81,996	2,892	(2,892)	92,700	2,971	(2,971)
- More than three years	323,221	1,660	(1,660)	369,841	3,040	(3,040)
<u>Credit related contracts</u>						
Total return swaps	97,330	576	(576)	104,520	603	(603)
- More than three years	97,330	576	(576)	104,520	603	(603)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	4,143,086	224	(186,852)	4,144,812	222	(128,533)
- Less than one year	250,000	224	-	250,000	222	-
- One year to three years	600,000	-	(8,199)	600,000	-	(5,021)
- More than three years	3,293,086	-	(178,653)	3,294,812	-	(123,512)
<b>Total derivative assets/(liabilities)</b>	<b>29,609,527</b>	<b>440,357</b>	<b>(654,099)</b>	<b>21,778,348</b>	<b>476,278</b>	<b>(586,061)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

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

#### **(i) Islamic derivative financial instruments (continued)**

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

##### **Market Risk**

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

##### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM440 million respectively (31 December 2015: RM476 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

##### **Liquidity Risk**

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

##### **Cash requirements of the derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 March 2016, the Group has posted cash collateral of RM50 million (31 December 2015: RM53 million) on their derivative contracts.

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

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

**(ii) Commitments and contingencies**

	<b>31 March 2016 Principal amount</b>	31 December 2015 Principal amount
<b>The Group and the Bank</b>	<b>RM'000</b>	RM'000
<u>Credit-related</u>		
Direct credit substitutes	<b>121,744</b>	173,278
Certain transaction-related contingent items	<b>528,052</b>	522,411
Short-term self-liquidating trade-related contingencies	<b>147,501</b>	148,476
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	<b>4,495,552</b>	4,069,440
- maturity exceeding one year	<b>3,114,698</b>	2,463,321
Miscellaneous commitments and contingencies	<b>97,444</b>	150,640
Total credit-related commitments and contingencies	<b>8,504,991</b>	7,527,566
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	<b>8,425,170</b>	6,397,964
- one year to five years	<b>1,306,047</b>	929,753
- more than five years	<b>1,206,893</b>	1,265,234
Profit rate related contracts :		
- less than one year	<b>1,814,220</b>	710,000
- one year to five years	<b>16,015,930</b>	11,558,816
- more than five years	<b>299,215</b>	349,520
Equity related contracts :		
- less than one year	<b>39,504</b>	-
- one year to five years	<b>119,376</b>	134,139
- more than five years	<b>285,842</b>	328,402
Credit related contracts:		
- more than five years	<b>97,330</b>	104,520
Total treasury-related commitments and contingencies	<b>29,609,527</b>	21,778,348
	<b>38,114,518</b>	29,305,914

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24 Capital Adequacy**

Bank Negara Malaysia (BNM) issued revised guidelines on the capital adequacy framework on 28 November 2012, of which took effect beginning 1 January 2013. The revised guidelines sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 March 2016</b>	31 December 2015	<b>31 March 2016</b>	31 December 2015
Common equity tier 1 ratio	<b>12.687%</b>	12.718%	<b>12.687%</b>	12.718%
Tier 1 ratio	<b>13.494%</b>	13.558%	<b>13.494%</b>	13.557%
Total capital ratio	<b>15.859%</b>	16.273%	<b>15.859%</b>	16.273%

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

	<b>31 March 2016</b>		<b>31 March 2016</b>	
	<b>RM'000</b>	31 December 2015 RM'000	<b>RM'000</b>	31 December 2015 RM'000
Credit risk	<b>21,055,190</b>	21,088,246	<b>21,055,305</b>	21,088,362
Market risk	<b>636,204</b>	532,642	<b>636,204</b>	532,642
Operational risk	<b>2,111,779</b>	2,080,787	<b>2,111,715</b>	2,080,723
Total risk-weighted assets	<b>23,803,173</b>	23,701,675	<b>23,803,224</b>	23,701,727

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

	<b>31 March 2016</b>		<b>31 March 2016</b>	
	<b>RM'000</b>	31 December 2015 RM'000	<b>RM'000</b>	31 December 2015 RM'000
<b>Common Equity Tier I capital</b>				
Ordinary shares	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Other reserves	<b>2,432,708</b>	2,386,118	<b>2,432,673</b>	2,386,083
Common Equity Tier I capital before regulatory adjustments	<b>3,432,708</b>	3,386,118	<b>3,432,673</b>	3,386,083
<u>Less: Regulatory adjustments</u>				
Goodwill	<b>(136,000)</b>	(136,000)	<b>(136,000)</b>	(136,000)
Intangible assets	<b>(79,730)</b>	(82,210)	<b>(79,730)</b>	(82,210)
Deferred tax assets	<b>(29,345)</b>	(31,184)	<b>(29,345)</b>	(31,184)
Others	<b>(167,706)</b>	(122,352)	<b>(167,707)</b>	(122,352)
Common Equity Tier I capital after regulatory adjustments	<b>3,019,927</b>	3,014,372	<b>3,019,891</b>	3,014,337
<b>Additional Tier I capital</b>				
Perpetual preference shares	<b>192,000</b>	199,000	<b>192,000</b>	199,000
Additional Tier I capital before regulatory adjustments	<b>192,000</b>	199,000	<b>192,000</b>	199,000
<u>Less: Regulatory adjustments</u>				
Investment in capital instruments of unconsolidated financial and takaful entities	-	-	-	-
Additional Tier I capital after regulatory adjustments	<b>192,000</b>	199,000	<b>192,000</b>	199,000
<b>Total Tier I capital</b>	<b>3,211,927</b>	3,213,372	<b>3,211,891</b>	3,213,337
<b>Tier II capital</b>				
Subordinated notes	<b>510,000</b>	595,000	<b>510,000</b>	595,000
Portfolio impairment allowance and regulatory reserves ^	<b>53,071</b>	48,697	<b>53,072</b>	48,698
<b>Total Tier II capital</b>	<b>563,071</b>	643,697	<b>563,072</b>	643,698
<b>Total capital</b>	<b>3,774,998</b>	3,857,069	<b>3,774,963</b>	3,857,035

^ The capital base of the Group and the Bank as at 31 March 2016 have excluded portfolio impairment allowance on impaired financings restricted from Tier II capital of RM24.1 million (31 December 2015: RM21.8 million) respectively.



## PART A - EXPLANATORY NOTES (CONTINUED)

### A25 Segmental reporting

#### Definition of segments

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

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

#### Business segment reporting

##### Definition of segments:

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

#### **Consumer Banking**

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

#### **Commercial Banking**

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

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

#### **Wholesale Banking**

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

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

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

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

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

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

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

#### **Investments**

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

#### **Support and others**

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A25 Segmental reporting (continued)**

<b>The Group 31 March 2016</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Investments RM'000</b>	<b>Support and others RM'000</b>	<b>Total RM'000</b>
Net income:						
- external	248,605	52,702	(72,705)	24,774	-	253,376
- inter-segment	(95,242)	(19,045)	109,235	5,052	-	-
	153,363	33,657	36,530	29,826	-	253,376
Other income	26,606	2,579	15,642	8,214	272	53,313
Operating income	179,969	36,236	52,172	38,040	272	306,689
Overhead expenses	(94,128)	(12,154)	(20,098)	(250)	(1,829)	(128,459)
Consist of :						
Depreciation of property,	(978)	-	(123)	-	-	(1,101)
Amortisation of intangible	(2,098)	-	(716)	-	-	(2,814)
Profit/(loss) before allowances	85,841	24,082	32,074	37,790	(1,557)	178,230
Allowances for losses on financing, advances and other financing/loans	4,191	5,228	3,458	-	-	12,877
Write-back/(allowances for) impairment losses on other receivables	-	-	(10)	-	43	33
Segment results	90,032	29,310	35,522	37,790	(1,514)	191,140
Taxation						(47,039)
<b>Net profit for the financial year</b>						<b>144,101</b>

<b>The Group 31 March 2015</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Investments RM'000</b>	<b>Support and others RM'000</b>	<b>Total RM'000</b>
Net income:						
- external	255,741	41,120	(76,262)	18,692	-	239,291
- inter-segment	(105,674)	(14,603)	114,561	4,526	1,190	-
	150,067	26,517	38,299	23,218	1,190	239,291
Other income	24,069	2,790	8,728	2,957	-	38,544
Operating income	174,136	29,307	47,027	26,175	1,190	277,835
Overhead expenses	(95,907)	(9,485)	(10,259)	(1,484)	(11,180)	(128,315)
Consist of :						
Depreciation of property,	(968)	-	(35)	-	-	(1,003)
Amortisation of intangible	(2,500)	-	(31)	-	-	(2,531)
Profit/(loss) before allowances	78,229	19,822	36,768	24,691	(9,990)	149,520
(Allowances for)/write-back of losses on financing, advances and other financing/loans	(26,515)	5,344	(13,833)	-	-	(35,004)
Allowances for impairment losses on other receivables	-	-	(25)	-	-	(25)
Segment results	51,714	25,166	22,910	24,691	(9,990)	114,491
Taxation						(32,215)
<b>Net profit for the financial year</b>						<b>82,276</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21 Segmental reporting (continued)**

<b>The Group 31 March 2016</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Investments RM'000</b>	<b>Total RM'000</b>
Segment assets	23,258,694	4,872,212	24,076,554	2,525,481	54,732,941
Unallocated assets					589,740
<b>Total assets</b>					<b>55,322,681</b>
Segment liabilities	13,030,200	2,801,774	34,341,021	854,646	51,027,641
Unallocated liabilities					536,531
<b>Total liabilities</b>					<b>51,564,172</b>
<b>Other segment items</b>					
Capital expenditure	177	-	55	-	232
<b>The Group 31 December 2015</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Investments RM'000</b>	<b>Total RM'000</b>
Segment assets	22,475,239	4,826,615	24,195,343	2,807,853	54,305,050
Unallocated assets					254,131
<b>Total assets</b>					<b>54,559,181</b>
Segment liabilities	13,245,560	2,819,463	33,558,419	862,166	50,485,608
Unallocated liabilities					467,455
<b>Total liabilities</b>					<b>50,953,063</b>
<b>Other segment items</b>					
Capital expenditure	6,683	-	202	2,010	8,895

## PART A - EXPLANATORY NOTES (CONTINUED)

### A26 Fair Value Estimation

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

#### Determination of fair value and fair value hierarchy

##### Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A26 Fair Value Estimation (continued)**

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

The Group and the Bank	Fair Value 31 March 2016				Fair Value 31 December 2015			
	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Financial assets</u></b>								
Financial assets held for trading								
-Money market instruments	2,133,035	2,133,035	-	2,133,035	2,388,675	2,388,675	-	2,388,675
-Unquoted securities	145,971	145,971	-	145,971	303,263	303,263	-	303,263
Financial investments available-for-sale								
-Money market instruments	68,131	68,131	-	68,131	317,082	317,082	-	317,082
-Unquoted securities	1,310,433	1,309,858	575 ^	1,310,433	1,608,966	1,608,391	575 ^	1,608,966
Derivative financial instruments								
-Trading derivatives	440,133	440,133	-	440,133	476,056	476,056	-	476,056
-Hedging derivatives	224	224	-	224	222	222	-	222
<b>Total</b>	<b>4,097,927</b>	<b>4,097,352</b>	<b>575</b>	<b>4,097,927</b>	<b>5,094,264</b>	<b>5,093,689</b>	<b>575</b>	<b>5,094,264</b>
<b><u>Financial liabilities</u></b>								
Derivative financial instruments								
-Trading derivatives	467,247	467,247	-	467,247	457,528	457,528	-	457,528
-Hedging derivatives	186,852	186,852	-	186,852	128,533	128,533	-	128,533
Financial liabilities designated at fair value	165,227	165,227	-	165,227	199,063	199,063	-	199,063
<b>Total</b>	<b>819,326</b>	<b>819,326</b>	<b>-</b>	<b>819,326</b>	<b>785,124</b>	<b>785,124</b>	<b>-</b>	<b>785,124</b>

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

**A23 Change in accounting policies**

There were no changes in the accounting policy during the financial period.

## PART B

### B1 GROUP PERFORMANCE REVIEW

The Group recorded a higher pre-tax profit of 66.9% or RM76.6 million from RM114.5 million to RM191.1 million for the three months ended 31 March 2016. The increase was mainly due to higher income derived from investment of depositor's funds and others by RM89.5 million and write-back of allowances for losses on financing, advances and other financing/loans by RM47.9 million compared to the same quarter last year. This was offset by lower income derived from investment of shareholder's funds by RM71.7 million.

### B2 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Islamic Bank remains cautiously optimistic for 2016 given the industry challenges and macro-economic headwinds, with sustained focus on cost management, asset quality and capital management. The bank faces a slower financing growth and higher funding cost environment. Nonetheless, the bank will continue to focus all its efforts on ramping up quality assets from retail, commercial and corporate segments. Malaysia is and will continue to be the primary growth contributor for CIMB Group's Islamic banking business and enhanced efforts will be made to grow the businesses for 2016.

### B3 COMPUTATION OF EARNINGS PER SHARE (EPS)

#### a) Basic EPS

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

	The Group and the Bank			
	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	<b>144,101</b>	82,276	<b>144,101</b>	82,276
Weighted average number of ordinary shares in issue ('000)	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Basic earnings per share (expressed in sen per share)	<b>14.41</b>	8.23	<b>14.41</b>	8.23

#### b) Diluted EPS

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