

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Group	Bank			
		31 Mar 2017	31 Dec 2016		
Note	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016	
	RM'000	RM'000	RM'000	RM'000	
Assets					
Cash and short term funds		31,658,170	18,620,310	22,911,111	10,358,003
Reverse repurchase agreements		7,240,494	5,107,539	5,785,695	4,698,080
Deposits and placements with banks and other financial institutions		2,006,274	1,181,729	7,809,683	5,044,889
Financial assets held for trading	A6	26,817,710	21,333,299	22,179,984	17,613,301
Derivative financial instruments	A21(i)	9,317,556	11,809,961	7,497,207	9,688,843
Financial investments available-for-sale	A7	25,558,303	25,967,834	19,677,851	20,485,426
Financial investments held-to-maturity	A8	28,925,746	27,600,862	23,923,391	22,572,462
Loans, advances and financing	A9	258,665,364	256,199,949	182,910,369	182,585,775
Other assets	A10	10,604,497	9,663,268	9,773,717	8,619,807
Tax recoverable		11,497	6,583	-	-
Deferred taxation		343,595	313,200	129,103	108,082
Statutory deposits with central banks		7,115,231	8,484,241	5,251,110	6,640,483
Amounts due from holding company and ultimate holding company		428	4,084	428	4,084
Amount due from subsidiaries		-	-	63,462	546,462
Amount due from related companies		1,184,574	1,223,076	1,182,966	1,220,820
Investment in subsidiaries		-	-	5,363,152	5,310,889
Investment in joint venture		167,274	165,029	125,000	125,000
Goodwill		5,204,081	5,188,198	3,555,075	3,555,075
Intangible assets		963,741	1,007,672	846,697	888,572
Prepaid lease payments		407	408	-	-
Property, plant and equipment		756,769	763,541	409,540	417,030
		416,541,711	394,640,783	319,395,541	300,483,083
Non-current assets/disposal groups held for sale		890,927	890,927	305,959	305,959
Total Assets		417,432,638	395,531,710	319,701,500	300,789,042
Liabilities					
Deposits from customers	A11	295,089,536	278,480,261	215,699,693	201,352,180
Investment accounts of customers	A12	255,349	254,408	-	-
Deposits and placements of banks and other financial institutions	A13	27,029,095	26,899,767	25,689,504	26,284,933
Repurchase agreements		4,861,439	4,340,854	4,103,132	4,340,854
Financial liabilities designated at fair value	A14	4,932,023	4,367,577	2,112,215	2,004,463
Derivative financial instruments	A21(i)	9,751,819	12,030,888	7,910,138	9,780,735
Bills and acceptances payable		1,638,197	2,301,368	821,488	886,404
Amount due to subsidiaries		-	-	39,137	29,422
Amount due to related companies		5,461	5,228	3,504	3,570
Other liabilities	A15	7,044,983	6,280,132	6,378,015	5,817,201
Recourse obligation on loans and financing sold to Cagamas		3,862,566	4,498,369	2,796,955	3,144,979
Provision for taxation		259,821	218,187	207,101	169,015
Deferred taxation		2,579	2,579	-	-
Bonds, Sukuk and debentures		11,658,810	6,287,153	10,160,698	5,199,084
Other borrowings		3,651,187	3,565,826	4,531,282	3,565,826
Subordinated obligations		11,169,160	11,106,619	9,590,174	9,529,719
Total Liabilities		381,212,025	360,639,216	290,043,036	272,108,385
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		16,186,711	5,276,655	16,186,711	5,276,655
Reserves		19,389,647	28,982,224	13,242,013	23,174,262
		35,576,358	34,258,879	29,428,724	28,450,917
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		414,515	403,875	-	-
Total Equity		36,220,613	34,892,494	29,658,464	28,680,657
Total Equity and Liabilities		417,432,638	395,531,710	319,701,500	300,789,042
Commitments and contingencies	A21(ii)	908,880,747	865,180,686	639,199,858	633,696,287
Net assets per ordinary share attributable to owners of the Parent (RM)		6.74	6.49	5.58	5.39

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

GROUP	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three Months Ended	
		31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Interest income	A16	3,213,043	3,054,854	3,213,043	3,054,854
Interest expense	A17	(1,518,377)	(1,479,777)	(1,518,377)	(1,479,777)
Net interest income		1,694,666	1,575,077	1,694,666	1,575,077
Income from Islamic Banking operations	A25(b)	407,621	373,198	407,621	373,198
Net non-interest income	A18	794,139	473,086	794,139	473,086
Net income		2,896,426	2,421,361	2,896,426	2,421,361
Overheads	A19	(1,367,317)	(1,251,671)	(1,367,317)	(1,251,671)
Profit before allowances		1,529,109	1,169,690	1,529,109	1,169,690
Allowances for impairment losses on loans, advances and financing	A20	(131,547)	(114,027)	(131,547)	(114,027)
Allowances for losses on other receivables		(3,142)	(2,797)	(3,142)	(2,797)
Allowances for commitments and contingencies		(4,960)	-	(4,960)	-
Allowances for other impairment losses (made)/written-back		(6)	119	(6)	119
Profit after allowances		1,389,454	1,052,985	1,389,454	1,052,985
Share of results of joint venture		2,245	1,024	2,245	1,024
Share of results of associates		-	48,974	-	48,974
Profit before taxation		1,391,699	1,102,983	1,391,699	1,102,983
Taxation		(280,898)	(236,226)	(280,898)	(236,226)
Profit for the financial period		1,110,801	866,757	1,110,801	866,757
Profit for the financial period attributable to:					
Owners of the Parent		1,106,301	863,149	1,106,301	863,149
Non-controlling interests		4,500	3,608	4,500	3,608
		1,110,801	866,757	1,110,801	866,757
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	20.97	16.77	20.97	16.77

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

GROUP	Individual Quarter		Cumulative Quarters	
	1st Quarter Ended	3rd Quarter Ended	Three Months Ended	Three Months Ended
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,110,801	866,757	1,110,801	866,757
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	148,811	66,096	148,811	66,096
- Net gain from change in fair value	178,788	87,806	178,788	87,806
- Realised gain transferred to statement of income on disposal and impairment	(11,332)	(42,845)	(11,332)	(42,845)
- Income tax effects	(15,356)	1,676	(15,356)	1,676
- Currency translation difference	(3,289)	19,459	(3,289)	19,459
Net investment hedge	(4,975)	225,865	(4,975)	225,865
Cash flow hedge	(43)	6,680	(43)	6,680
- Net gain from change in fair value	216	9,536	216	9,536
- Income tax effects	(259)	(2,856)	(259)	(2,856)
Exchange fluctuation reserve	88,084	(768,514)	88,084	(768,514)
	231,877	(469,873)	231,877	(469,873)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(670)	1,429	(670)	1,429
- Currency translation difference	(670)	1,429	(670)	1,429
Other comprehensive income/(expense) for the period, net of tax	231,207	(468,444)	231,207	(468,444)
Total comprehensive income for the financial period	1,342,008	398,313	1,342,008	398,313
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,331,368	407,633	1,331,368	407,633
Non-controlling interests	10,640	(9,320)	10,640	(9,320)
	1,342,008	398,313	1,342,008	398,313

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three Months Ended	
		31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
BANK					
Interest income	A16	2,763,792	2,633,639	2,763,792	2,633,639
Interest expense	A17	(1,393,415)	(1,342,140)	(1,393,415)	(1,342,140)
Net interest income		1,370,377	1,291,499	1,370,377	1,291,499
Income from Islamic Banking operations	A25(b)	39,297	33,482	39,297	33,482
Net non-interest income	A18	671,468	351,720	671,468	351,720
Net income		2,081,142	1,676,701	2,081,142	1,676,701
Overheads	A19	(980,504)	(893,710)	(980,504)	(893,710)
Profit before allowances		1,100,638	782,991	1,100,638	782,991
Allowances for impairment losses on loans, advances and financing	A20	(13,512)	(22,095)	(13,512)	(22,095)
Allowances for losses on other receivables		(819)	(2,827)	(819)	(2,827)
Allowances for commitments and contingencies		(2,222)	-	(2,222)	-
Allowances for other impairment losses (made)/written-back		(6)	119	(6)	119
Profit before taxation		1,084,079	758,188	1,084,079	758,188
Taxation		(223,398)	(175,728)	(223,398)	(175,728)
Profit for the financial period		860,681	582,460	860,681	582,460
Earnings per share - basic (sen)	B3	16.31	11.31	16.31	11.31

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

BANK	Individual Quarter		Cumulative Quarters	
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	860,681	582,460	860,681	582,460
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	135,725	52,041	135,725	52,041
- Net gain from change in fair value	158,144	28,648	158,144	28,648
- Realised gain transferred to statement of income on disposal and impairment	(10,285)	(1,430)	(10,285)	(1,430)
- Income tax effects	(11,546)	6,991	(11,546)	6,991
- Currency translation difference	(588)	17,832	(588)	17,832
Net investment hedge	(8,330)	220,506	(8,330)	220,506
Cash flow hedge	(43)	6,680	(43)	6,680
- Net gain from change in fair value	216	9,536	216	9,536
- Income tax effects	(259)	(2,856)	(259)	(2,856)
Exchange fluctuation reserve	4,086	(406,270)	4,086	(406,270)
Other comprehensive income/(expense) for the period, net of tax	131,438	(127,043)	131,438	(127,043)
Total comprehensive income for the financial period	992,119	455,417	992,119	455,417

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Group	Attributable to owners of the Parent															Perpetual preference shares	Non-controlling interests	Total Equity
	Ordinary share capital	Redeemable Preference Shares	Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve	Share-based payment reserve	Defined benefits reserve	Retained profits	Total	Reserve			
	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	RM'000
At 1 January 2017	5,276,655	29,740	10,910,056	6,762,769	2,472,013	194,776	(1,085,928)	735,457	(1,511,287)	1,319,524	36,496	(25,602)	9,173,950	34,288,619	200,000	403,875	34,892,494	
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,106,301	1,106,301	-	4,500	1,110,801	
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	82,363	148,033	-	-	(5,018)	-	359	(670)	-	225,067	-	6,140	231,207	
- financial investments available-for-sale	-	-	-	-	-	148,033	-	-	-	-	-	-	-	148,033	-	778	148,811	
- net investment hedge	-	-	-	-	-	-	-	(4,975)	-	-	-	-	-	(4,975)	-	-	(4,975)	
- cash flow hedge	-	-	-	-	-	-	-	(43)	-	-	-	-	-	(43)	-	-	(43)	
- currency translation difference	-	-	-	-	82,363	-	-	-	-	-	359	-	-	82,722	-	5,362	88,084	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	(670)	-	-	(670)	-	-	(670)	
Total comprehensive (expenses)/income for the financial period	-	-	-	-	82,363	148,033	-	-	(5,018)	-	359	(670)	1,106,301	1,331,368	-	10,640	1,342,008	
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	78,273	-	-	-	(78,273)	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share-based payment expense	-	-	-	-	-	-	-	-	-	9,182	-	-	9,182	-	-	-	9,182	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(23,071)	-	-	(23,071)	-	-	-	(23,071)	
At 31 March 2017	16,186,711	29,740	-	6,762,769	2,554,376	342,809	(1,085,928)	735,457	(1,516,305)	1,397,797	22,966	(26,272)	10,201,978	35,606,098	200,000	414,515	36,220,613	

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	1,019,502	58,280	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	863,149	863,149	-	3,608	866,757
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	(754,218)	65,548	-	-	232,545	-	(820)	1,429	-	(455,516)	-	(12,928)	(468,444)
- financial investments available-for-sale	-	-	-	-	-	65,548	-	-	-	-	-	-	-	65,548	-	548	66,096
- net investment hedge	-	-	-	-	-	-	-	225,865	-	-	-	-	-	225,865	-	-	225,865
- cash flow hedge	-	-	-	-	-	-	-	6,680	-	-	-	-	-	6,680	-	-	6,680
- currency translation difference	-	-	-	-	(754,218)	-	-	-	-	-	(820)	-	-	(755,038)	-	(13,476)	(768,514)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	1,429	-	1,429	-	-	-	1,429
Total comprehensive income/(expenses) for the financial period	-	-	-	-	(754,218)	65,548	-	-	232,545	-	(820)	1,429	863,149	407,633	-	(9,320)	398,313
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	56,944	-	-	-	(56,944)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	12,467	-	-	12,467	-	-	-	12,467
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(36,057)	-	-	(36,057)	-	-	-	(36,057)
At 31 March 2016	5,148,084	29,740	10,363,629	6,626,969	1,187,184	112,461	(1,085,928)	735,457	(1,097,570)	1,076,446	33,870	(20,577)	8,003,767	31,113,532	200,000	393,363	31,706,895

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Bank	← Non-distributable						→ Distributable					Total Equity RM'000		
	Ordinary 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 2017	5,276,655	29,740	10,910,056	5,806,237	1,172,667	244,834	(1,047,872)	746,852	(1,013,305)	1,118,180	32,149	5,204,464	200,000	28,680,657
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	860,681	-	860,681
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	3,833	135,725	-	-	(8,373)	-	253	-	-	131,438
- financial investments available-for-sale	-	-	-	-	-	135,725	-	-	-	-	-	-	-	135,725
- net investment hedge	-	-	-	-	-	-	-	(8,330)	-	-	-	-	-	(8,330)
- cash flow hedge	-	-	-	-	-	-	-	(43)	-	-	-	-	-	(43)
- currency translation difference	-	-	-	-	3,833	-	-	-	-	-	253	-	-	4,086
Total comprehensive (expenses)/income for the financial period	-	-	-	-	3,833	135,725	-	-	(8,373)	-	253	860,681	-	992,119
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	59,443	-	(59,443)	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	8,310	-	-	8,310
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(22,622)	-	-	(22,622)
At 31 March 2017	16,186,711	29,740	-	5,806,237	1,176,500	380,559	(1,047,872)	746,852	(1,021,678)	1,177,623	18,090	6,005,702	200,000	29,658,464

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	958,545	55,148	4,594,225	200,000	26,923,723
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	582,460	-	582,460
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	(405,651)	52,041	-	-	227,186	-	(619)	-	-	(127,043)
- financial investments available-for-sale	-	-	-	-	-	52,041	-	-	-	-	-	-	-	52,041
- net investment hedge	-	-	-	-	-	-	-	-	220,506	-	-	-	-	220,506
- cash flow hedge	-	-	-	-	-	-	-	-	6,680	-	-	-	-	6,680
- currency translation difference	-	-	-	-	(405,651)	-	-	-	-	-	(619)	-	-	(406,270)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	(405,651)	52,041	-	-	227,186	-	(619)	582,460	-	455,417
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	18,644	-	(18,644)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	11,481	-	-	11,481
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(33,760)	-	-	(33,760)
At 31 March 2016	5,148,084	29,740	10,363,629	5,806,237	497,565	109,062	(1,047,872)	746,852	(663,916)	977,189	32,250	4,191,488	200,000	26,390,308

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Group		Bank	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Profit before taxation	1,391,699	1,102,983	1,084,079	758,188
Adjustments for non-operating and non-cash items	46,113	65,969	(29,852)	(107,676)
Operating profit before changes in working capital	1,437,812	1,168,952	1,054,227	650,512
Net changes in operating assets	(9,984,728)	72,134	(7,741,139)	(1,410,061)
Net changes in operating liabilities	17,583,653	8,263,525	14,109,193	12,821,544
	7,598,925	8,335,659	6,368,054	11,411,483
Cash flows generated from operations	9,036,737	9,504,611	7,422,281	12,061,995
Taxation paid	(260,887)	(289,868)	(217,537)	(228,178)
Net cash flows generated from operating activities	8,775,850	9,214,743	7,204,744	11,833,817
Net cash flows (used in)/generated from investing activities	(348,051)	1,781,021	(65,308)	559,311
Net cash flows generated from financing activities	4,744,331	1,931,487	5,534,851	517,480
Net increase in cash and cash equivalents	13,172,130	12,927,251	12,674,287	12,910,608
Effects of exchange rate changes	(134,270)	(1,414,181)	(121,179)	(999,412)
Cash and cash equivalents at the beginning of financial period	18,620,310	20,188,831	10,358,003	14,159,386
Cash and cash equivalents at end of financial period	31,658,170	31,701,901	22,911,111	26,070,582

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 2016.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 31 March 2017 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.

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 2016. 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 2016.

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 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative”
- Amendments to MFRS 112 “Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses”
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendment to MFRS 12, “Disclosure of Interests in Other Entities”

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) On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights issue of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1 per share.

b) On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

c) On 15 March 2017, the Bank issued USD600 million 3-year senior floating rate notes (the "FRN Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FRN Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

d) On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (the "FXD Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

e) On 23 March 2017, the Bank completed the capital injection of USD12.5 million into new ordinary shares of CIMB Bank PLC. The new 12,500,000 ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.

f) On 28 March 2017, the Bank issued USD2.15 million credit linked notes (the "CLN") under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme, which was established on 12 May 2014. The CLN, which is linked to a specified Reference Entity, will mature on 20 June 2022 and bears a coupon rate of 3.80% per annum payable semi-annually.

g) On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (the "MTN") which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 Mar 2024.

h) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM33 million.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 16.0 sen per share, on 5,276,654,718 ordinary shares of RM1.00 each, amounting to RM844 million in respect of the financial year ended 31 December 2016, which was approved by the Board of Directors on 25 January 2017, was paid on 3 April 2017.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 March 2017 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,741,241	651,044	1,741,241	651,044
Cagamas bonds	133,430	155,955	133,430	155,955
Malaysian Government treasury bills	961,152	184,701	790,508	63,713
Other Government securities	3,207,127	2,722,901	2,554,991	2,204,427
Other Government treasury bills	6,431,538	6,613,654	6,431,538	6,613,654
Bank Negara Malaysia Monetary Notes	49,264	-	49,264	-
Negotiable instruments of deposit	6,790,785	5,746,031	3,869,580	3,320,430
Commercial papers	299,308	14,864	149,374	14,864
Government Investment Issue	450,624	88,842	184,910	33,383
	<u>20,064,469</u>	<u>16,177,992</u>	<u>15,904,836</u>	<u>13,057,470</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	505,515	445,741	505,515	445,741
<u>Outside Malaysia</u>				
Shares	912,827	337,415	912,827	337,415
	<u>912,827</u>	<u>337,415</u>	<u>912,827</u>	<u>337,415</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Corporate bond and Sukuk	2,074,689	1,938,290	2,019,068	1,898,784
	<u>2,074,690</u>	<u>1,938,291</u>	<u>2,019,069</u>	<u>1,898,785</u>
<u>Outside Malaysia</u>				
Private equity funds	180,444	178,450	74,326	73,505
Corporate bond and Sukuk	3,079,765	2,255,410	2,763,411	1,800,385
	<u>3,260,209</u>	<u>2,433,860</u>	<u>2,837,737</u>	<u>1,873,890</u>
Total financial assets held-for-trading	<u>26,817,710</u>	<u>21,333,299</u>	<u>22,179,984</u>	<u>17,613,301</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	627,991	492,289	627,991	492,289
Malaysian Government Sukuk	29,253	29,622	-	-
Khazanah bonds	162,315	167,700	162,315	167,700
Government Investment Issue	342,997	202,788	150,821	90,925
Negotiable instruments of deposit	356,113	597,838	356,113	597,838
Other Government securities	1,500,616	1,433,272	393,855	348,992
Cagamas bonds	188,321	127,295	127,060	86,523
Commercial papers	-	49,727	-	49,727
	<u>3,207,606</u>	<u>3,100,531</u>	<u>1,818,155</u>	<u>1,833,994</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	5,179	5,479	55	63
Unit trusts	7,070	7,313	-	-
	<u>12,249</u>	<u>12,792</u>	<u>55</u>	<u>63</u>
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	1,012,649	1,012,649	1,001,331	1,001,331
Corporate bond and Sukuk	12,826,347	13,118,869	11,480,113	11,746,570
Loan stocks	10,087	10,087	10,087	10,087
	<u>13,849,083</u>	<u>14,141,605</u>	<u>12,491,531</u>	<u>12,757,988</u>
<u>Outside Malaysia</u>				
Shares	33,943	33,088	147	147
Private equity and unit trusts funds	521,018	500,363	494,338	472,801
Corporate bond and Sukuk	8,222,099	8,468,080	5,109,502	5,657,984
	<u>8,777,060</u>	<u>9,001,531</u>	<u>5,603,987</u>	<u>6,130,932</u>
	<u>25,845,998</u>	<u>26,256,459</u>	<u>19,913,728</u>	<u>20,722,977</u>
Allowance for impairment losses:				
Corporate bond	(30,306)	(30,306)	(30,306)	(30,306)
Private equity funds	(144,041)	(145,715)	(121,461)	(123,135)
Unquoted shares	(102,886)	(102,152)	(74,023)	(74,023)
Loan stocks	(10,087)	(10,087)	(10,087)	(10,087)
Unit trusts	(375)	(365)	-	-
	<u>(287,695)</u>	<u>(288,625)</u>	<u>(235,877)</u>	<u>(237,551)</u>
Total financial investments available-for-sale	<u>25,558,303</u>	<u>25,967,834</u>	<u>19,677,851</u>	<u>20,485,426</u>

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,105,735	2,117,602	2,105,735	2,117,602
Government Investment Issue	7,225,023	7,035,108	6,224,238	6,223,425
Other Government securities	1,245,542	1,499,993	841,629	824,853
Cagamas bonds	268,282	267,938	237,954	236,993
Khazanah bonds	445,204	443,597	430,935	430,935
	11,289,786	11,364,238	9,840,491	9,833,808
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Corporate bond and Sukuk	15,036,692	13,665,072	12,566,635	11,192,208
	15,043,712	13,672,092	12,566,635	11,192,208
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,602,637	2,575,652	1,498,769	1,533,594
Amortisation of premium net of accretion of discount	(3,204)	(3,939)	17,496	12,852
Less : Allowance for impairment losses	(7,185)	(7,181)	-	-
Total financial investments held-to-maturity	28,925,746	27,600,862	23,923,391	22,572,462

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
(i) By type of financing				
Overdrafts	5,205,237	5,279,905	3,518,150	3,542,512
Term loans/financing				
- Housing loan/financing	75,513,230	73,275,382	54,820,160	53,501,700
- Syndicated term loan	18,427,668	20,564,303	16,378,571	18,215,201
- Other term loans/financing	104,681,048	104,107,384	68,554,071	69,349,570
- Factoring receivables	26,018	38,594	-	-
- Lease receivables	96,004	112,437	-	-
- Hire purchase receivables	17,526,079	17,241,259	9,685,684	9,950,887
Bills receivable	6,712,305	6,502,410	3,133,459	2,544,001
Trust receipts	1,746,164	1,643,343	1,030,960	1,005,724
Claim on customers under acceptance credit	3,781,460	3,333,494	3,077,434	2,905,128
Staff loans *	778,782	749,029	621,890	603,794
Credit card receivables	6,892,585	7,072,581	6,689,697	6,862,731
Revolving credit	20,409,751	19,752,877	17,141,166	16,073,149
Share margin financing	843,056	705,571	841,288	703,543
Gross loans, advances and financing	<u>262,639,387</u>	<u>260,378,569</u>	<u>185,492,530</u>	<u>185,257,940</u>
Fair value changes arising from fair value hedges	124,288	149,815	32,633	38,833
	<u>262,763,675</u>	<u>260,528,384</u>	<u>185,525,163</u>	<u>185,296,773</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,136,144)	(2,350,633)	(1,560,141)	(1,610,822)
- Portfolio impairment allowance	(1,962,167)	(1,977,802)	(1,054,653)	(1,100,176)
	<u>(4,098,311)</u>	<u>(4,328,435)</u>	<u>(2,614,794)</u>	<u>(2,710,998)</u>
Total net loans, advances and financing	<u>258,665,364</u>	<u>256,199,949</u>	<u>182,910,369</u>	<u>182,585,775</u>

* Included in staff loans of the Group are loans to Directors amounting to RM3,109,664 (2016: RM3,073,552).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM44,886,000 (2016: RM44,994,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and 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 RM4,802,314,000 (2016: RM4,647,826,000) and RM1,227,314,000 (2016: RM1,072,826,000) respectively, using interest rate swaps.

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

As at 31 March 2017, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM4,134,944,000 (2016: RM3,236,229,000) and RM5,671,000 (2016: RM5,374,000) respectively.

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

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	893,435	954,441	847,612	908,487
Domestic non-bank financial institutions				
- stockbroking companies	8,466	3	6,528	3
- others	2,882,085	3,086,790	826,007	963,743
Domestic business enterprises				
- small medium enterprises	28,143,368	27,922,658	20,324,995	19,787,830
- others	38,786,867	38,757,407	22,130,295	22,390,784
Government and statutory bodies	9,427,247	9,857,704	2,597,732	2,576,854
Individuals	140,310,087	137,660,775	97,581,607	97,491,668
Other domestic entities	1,114,189	1,072,825	564,320	523,791
Foreign entities	41,073,643	41,065,966	40,613,434	40,614,780
Gross loans, advances and financing	262,639,387	260,378,569	185,492,530	185,257,940

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,590,981	2,620,395	1,874,861	1,923,309
- Hire purchase receivables	11,569,893	11,361,137	4,041,912	4,103,665
- Other fixed rate loans	28,408,838	27,680,714	15,019,800	14,244,282
Variable rate				
- BLR plus	99,407,832	99,226,229	81,875,298	82,264,192
- Cost-plus	43,284,920	43,787,066	33,620,803	33,557,219
- Other variable rates	77,376,923	75,703,028	49,059,856	49,165,273
Gross loans, advances and financing	<u>262,639,387</u>	<u>260,378,569</u>	<u>185,492,530</u>	<u>185,257,940</u>
(iv) By economic purpose				
Personal use	11,427,955	11,243,691	6,273,962	6,122,597
Credit cards	6,892,585	7,072,581	6,689,697	6,862,731
Purchase of consumer durables	95,665	100,997	76,886	81,948
Construction	10,158,579	10,142,391	7,274,811	7,106,884
Residential property (housing)	78,149,705	75,952,392	57,061,802	55,776,751
Non-residential property	24,846,993	24,780,493	20,999,513	20,963,945
Purchase of fixed assets other than land and buildings	2,485,213	2,393,414	1,991,737	1,878,056
Mergers and acquisitions	4,297,150	4,600,566	4,295,121	4,598,304
Purchase of securities	25,396,048	25,758,787	18,251,699	19,687,343
Purchase of transport vehicles	18,099,408	17,801,710	9,938,935	10,223,820
Working capital	60,017,331	59,073,586	42,883,817	41,898,362
Other purposes	20,772,755	21,457,961	9,754,550	10,057,199
Gross loans, advances and financing	<u>262,639,387</u>	<u>260,378,569</u>	<u>185,492,530</u>	<u>185,257,940</u>
(v) By geographical distribution				
Malaysia	184,898,803	182,337,158	135,118,848	134,654,115
Indonesia	2,948,458	3,458,858	2,948,457	3,458,843
Thailand	29,457,568	29,867,768	3,781,975	4,130,864
Singapore	31,178,000	29,847,261	31,177,999	29,847,255
United Kingdom	3,897,365	4,328,553	3,897,365	4,328,550
Hong Kong	2,266,788	2,116,395	2,266,788	2,116,395
China	1,035,460	1,856,722	1,035,335	1,856,722
Other countries	6,956,945	6,565,854	5,265,763	4,865,196
Gross loans, advances and financing	<u>262,639,387</u>	<u>260,378,569</u>	<u>185,492,530</u>	<u>185,257,940</u>
(vi) By residual contractual maturity				
Within one year	46,480,404	45,273,308	34,004,685	32,479,141
One year to less than three years	29,506,498	30,127,465	21,520,412	22,190,271
Three years to less than five years	25,593,549	27,924,997	15,949,300	17,908,510
Five years and more	161,058,936	157,052,799	114,018,133	112,680,018
Gross loans, advances and financing	<u>262,639,387</u>	<u>260,378,569</u>	<u>185,492,530</u>	<u>185,257,940</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	269,381	277,111	132,931	141,113
Credit cards	140,815	184,832	134,139	177,261
Purchase of consumer durables	178	329	121	259
Construction	1,175,875	1,140,574	1,089,923	1,052,939
Residential property (housing)	1,142,617	1,147,493	717,776	752,499
Non-residential property	222,526	224,295	158,181	156,871
Purchase of fixed assets other than land and buildings	8,143	3,731	7,628	3,024
Purchase of securities	137,838	139,404	136,491	138,750
Purchase of transport vehicles	291,141	304,912	155,552	161,765
Working capital	1,543,159	1,553,938	1,025,222	879,096
Other purposes	509,589	609,133	18,918	19,872
Gross impaired loans, advances and financing	<u>5,441,262</u>	<u>5,585,752</u>	<u>3,576,882</u>	<u>3,483,449</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,151,284	3,256,608	2,761,427	2,789,213
Indonesia	134,921	135,978	134,921	135,978
Thailand	1,404,496	1,568,329	-	-
Singapore	540,502	416,848	540,502	416,848
United Kingdom	7,109	4,855	7,109	4,855
China	64,888	67,095	64,888	67,095
Other countries	138,062	136,039	68,035	69,460
Gross impaired loans, advances and financing	<u>5,441,262</u>	<u>5,585,752</u>	<u>3,576,882</u>	<u>3,483,449</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	5,585,752	4,340,369	3,483,449	3,124,319
Classified as impaired during the financial period/year	1,184,062	4,938,364	772,537	2,612,188
Reclassified as not impaired during the financial period/year	(518,485)	(1,728,392)	(340,144)	(1,264,650)
Amount written back in respect of recoveries	(276,093)	(970,083)	(191,520)	(509,428)
Amount written off	(242,006)	(1,049,804)	(152,729)	(492,552)
Sale of impaired loans	(339,943)	-	-	-
Exchange fluctuation	47,975	55,298	5,289	13,572
At 31 March/31 December	<u>5,441,262</u>	<u>5,585,752</u>	<u>3,576,882</u>	<u>3,483,449</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.07%</u>	<u>2.15%</u>	<u>1.93%</u>	<u>1.88%</u>

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

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

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
<u>Individual impairment allowance</u>				
At 1 January	2,350,633	1,922,002	1,610,822	1,543,266
Net allowance made during the financial period/year	32,796	629,401	(22,120)	110,486
Amount written off	(27,495)	(256,575)	(27,495)	(46,910)
Amount transferred to portfolio impairment allowance	-	(11,402)	-	(11,258)
Sale of impaired loans	(238,080)	-	-	-
Exchange fluctuation	18,290	67,207	(1,066)	15,238
At 31 March/31 December	<u>2,136,144</u>	<u>2,350,633</u>	<u>1,560,141</u>	<u>1,610,822</u>
<u>Portfolio impairment allowance</u>				
At 1 January	1,977,802	1,970,342	1,100,176	1,110,673
Net allowance made during the financial period/year	180,382	737,224	79,053	417,423
Amount written off	(213,905)	(793,197)	(125,354)	(445,595)
Amount transferred from individual impairment allowance	-	11,402	-	11,258
Amount transferred from a subsidiary	-	-	-	596
Exchange fluctuation	17,888	52,031	778	5,821
At 31 March/31 December	<u>1,962,167</u>	<u>1,977,802</u>	<u>1,054,653</u>	<u>1,100,176</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.3%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.2%</u>

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Foreclosed properties	139,920	135,872	-	-
Structured financing	1,694,760	1,997,845	1,694,760	1,997,845
Collateral pledged for derivative transactions	3,983,784	5,030,001	3,736,630	4,489,383
Collateral for securities lending	416,049	189,851	416,049	189,851
Other debtors, deposits and prepayments	4,369,984	2,309,699	3,926,278	1,942,728
	<u>10,604,497</u>	<u>9,663,268</u>	<u>9,773,717</u>	<u>8,619,807</u>

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposit				
Demand deposits	63,346,866	60,099,074	52,475,865	50,330,553
Saving deposits	32,624,481	31,262,728	19,144,181	17,862,332
Fixed deposits	120,488,205	117,355,798	91,932,372	88,140,500
Negotiable instruments of deposit	1,079,023	1,430,657	726,214	1,013,931
Others	77,550,961	68,332,004	51,421,061	44,004,864
	<u>295,089,536</u>	<u>278,480,261</u>	<u>215,699,693</u>	<u>201,352,180</u>

(ii) By type of customer

Government and statutory bodies	11,528,381	11,252,639	7,582,248	6,765,025
Business enterprises	112,140,637	105,220,252	85,152,521	78,295,170
Individuals	106,742,427	101,412,481	77,953,498	73,470,856
Others	64,678,091	60,594,889	45,011,426	42,821,129
	<u>295,089,536</u>	<u>278,480,261</u>	<u>215,699,693</u>	<u>201,352,180</u>

(iii) Maturity structure of fixed deposits and negotiable instruments of deposit

Due within six months	97,239,774	100,396,486	75,607,392	76,198,034
Six months to less than one year	22,039,632	16,716,926	15,111,994	11,426,494
One year to less than three years	1,718,928	1,413,406	1,390,455	1,272,909
Three years to less than five years	292,590	259,409	272,634	256,766
Five years and more	276,304	228	276,111	228
	<u>121,567,228</u>	<u>118,786,455</u>	<u>92,658,586</u>	<u>89,154,431</u>

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Unrestricted investment accounts	255,349	254,408	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Licensed banks	22,833,955	23,197,754	22,916,802	23,801,377
Licensed finance companies	1,191,664	892,184	107,873	112,856
Licensed investment banks	448,008	37,246	448,008	36,326
Bank Negara Malaysia	5,534	51,747	5,534	51,747
Other financial institutions	2,549,934	2,720,836	2,211,287	2,282,627
	<u>27,029,095</u>	<u>26,899,767</u>	<u>25,689,504</u>	<u>26,284,933</u>

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

	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Due within six months	24,013,762	23,429,078	22,753,664	22,901,333
Six months to less than one year	2,305,604	2,804,115	2,226,389	2,717,428
One year to less than three years	201,076	194,369	200,798	193,967
Three years to less than five years	153,742	154,196	153,742	154,196
Five years and more	354,911	318,009	354,911	318,009
	<u>27,029,095</u>	<u>26,899,767</u>	<u>25,689,504</u>	<u>26,284,933</u>

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,114,408	2,006,644	2,112,215	2,004,463
Debentures	1,728,072	807,881	-	-
Bills payable	1,089,543	1,553,052	-	-
	<u>4,932,023</u>	<u>4,367,577</u>	<u>2,112,215</u>	<u>2,004,463</u>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 March 2017 were RM414,492,000 (2016: RM431,079,000) and RM414,444,000 (2016: RM431,017,000) respectively lower than the contractual amount at maturity for the structured investments, RM15,188,000 (2016: RM12,538,000) lower than the contractual amount at maturity for the debentures and RM203,173,000 (2016: RM182,391,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	17,324	27,318	17,324	27,318
Accrued employee benefits	28,340	34,732	27,426	26,994
Post employment benefit obligations	255,804	213,163	67,084	28,649
Sundry creditors	2,382,737	812,953	2,165,894	773,620
Expenditure payable	1,141,690	1,356,450	1,001,226	1,130,996
Collateral for securities borrowing	193,795	10,559	193,795	10,559
Allowance for commitments and contingencies	49,791	43,169	5,460	3,238
Provision for legal claims	58,578	58,780	42,502	42,506
Credit card expenditure payable	116,489	131,675	111,406	131,675
Collateral received for derivative transactions	2,317,665	3,148,558	2,520,657	3,419,169
Others	482,770	442,775	225,241	222,477
	<u>7,044,983</u>	<u>6,280,132</u>	<u>6,378,015</u>	<u>5,817,201</u>

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Group				
Loans and advances				
- interest income	2,537,893	2,386,800	2,537,893	2,386,800
- unwinding income [^]	16,501	9,406	16,501	9,406
Money at call and deposits with financial institutions	121,210	102,261	121,210	102,261
Reverse repurchase agreements	30,112	34,443	30,112	34,443
Financial assets held for trading	82,852	86,931	82,852	86,931
Financial investments available-for-sale	194,104	216,453	194,104	216,453
Financial investments held-to-maturity	239,000	225,379	239,000	225,379
	<u>3,221,672</u>	<u>3,061,673</u>	<u>3,221,672</u>	<u>3,061,673</u>
Net accretion of discount less amortisation of premium	(8,629)	(6,819)	(8,629)	(6,819)
	<u>3,213,043</u>	<u>3,054,854</u>	<u>3,213,043</u>	<u>3,054,854</u>
Bank				
Loans and advances				
- interest income	2,097,770	1,976,046	2,097,770	1,976,046
- unwinding income [^]	12,440	10,767	12,440	10,767
Money at call and deposits with financial institutions	150,192	131,175	150,192	131,175
Reverse repurchase agreements	26,708	31,948	26,708	31,948
Financial assets held for trading	76,807	82,640	76,807	82,640
Financial investments available-for-sale	170,192	193,175	170,192	193,175
Financial investments held-to-maturity	229,040	203,525	229,040	203,525
	<u>2,763,149</u>	<u>2,629,276</u>	<u>2,763,149</u>	<u>2,629,276</u>
Net accretion of discount less amortisation of premium	643	4,363	643	4,363
	<u>2,763,792</u>	<u>2,633,639</u>	<u>2,763,792</u>	<u>2,633,639</u>

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

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	73,579	54,743	73,579	54,743
Deposits from other customers	1,133,951	1,055,446	1,133,951	1,055,446
Repurchase agreements	24,411	67,313	24,411	67,313
Financial liabilities designated at fair value	30,636	35,159	30,636	35,159
Negotiable certificates of deposits	44,546	60,422	44,546	60,422
Recourse obligation on loan and financing sold to Cagamas	29,763	22,514	29,763	22,514
Bonds, Sukuk and debentures	36,706	44,621	36,706	44,621
Subordinated obligations	125,627	129,974	125,627	129,974
Other borrowings	19,158	9,585	19,158	9,585
	1,518,377	1,479,777	1,518,377	1,479,777
Bank				
Deposits and placements of banks and other financial institutions	67,768	45,450	67,768	45,450
Deposits from other customers	1,044,926	967,518	1,044,926	967,518
Repurchase agreements	24,270	66,842	24,270	66,842
Financial liabilities designated at fair value	19,300	25,863	19,300	25,863
Negotiable certificates of deposits	43,279	59,163	43,279	59,163
Recourse obligation on loan and financing sold to Cagamas	29,763	22,514	29,763	22,514
Bonds and debentures	35,456	28,296	35,456	28,296
Subordinated obligations	113,229	114,259	113,229	114,259
Other borrowings	15,424	12,235	15,424	12,235
	1,393,415	1,342,140	1,393,415	1,342,140

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Net fee and commission income				
Commissions	107,063	75,919	107,063	75,919
Fee on loans and advances	124,247	99,492	124,247	99,492
Service charges and fees	132,797	122,256	132,797	122,256
Guarantee fees	17,047	13,118	17,047	13,118
Other fee income	58,608	59,007	58,608	59,007
Fee and commission income	439,762	369,792	439,762	369,792
Fee and commission expense	(95,711)	(73,963)	(95,711)	(73,963)
Net fee and commission income	344,051	295,829	344,051	295,829
Gross dividend income from:				
Financial assets held for trading	1,814	4,049	1,814	4,049
Financial investments available-for-sale	2,229	357	2,229	357
	4,043	4,406	4,043	4,406
Net gain arising from financial assets held for trading:				
- realised gain/(loss)	46,014	(122,484)	46,014	(122,484)
- unrealised gain	315,015	228,414	315,015	228,414
	361,029	105,930	361,029	105,930
Net gain arising from derivative financial instrument				
- realised gain	374,668	230,889	374,668	230,889
- unrealised loss	(531,026)	(163,537)	(531,026)	(163,537)
	(156,358)	67,352	(156,358)	67,352
Net loss arising from financial liabilities designated at fair value				
- realised loss	(7,744)	(3,136)	(7,744)	(3,136)
- unrealised loss	(15,147)	(307,739)	(15,147)	(307,739)
	(22,891)	(310,875)	(22,891)	(310,875)
Net gain/(loss) arising from hedging activities	5,843	(23,768)	5,843	(23,768)
Net gain from sale of financial investments available-for-sale	10,685	30,874	10,685	30,874
Other non-interest income				
Foreign exchange gain	201,405	290,658	201,405	290,658
Rental income	1,907	1,923	1,907	1,923
Gain on disposal of property, plant and equipment/assets held for sale	4,630	1,055	4,630	1,055
Loss on disposal of foreclosed properties	(2,989)	(6,494)	(2,989)	(6,494)
Others	42,784	16,196	42,784	16,196
	247,737	303,338	247,737	303,338
	794,139	473,086	794,139	473,086

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Bank				
Net fee and commission income				
Commissions	84,389	61,586	84,389	61,586
Fee on loans and advances	122,837	99,015	122,837	99,015
Service charges and fees	112,264	105,052	112,264	105,052
Guarantee fees	14,280	10,055	14,280	10,055
Other fee income	45,008	46,604	45,008	46,604
Fee and commission income	378,778	322,312	378,778	322,312
Fee and commission expense	(89,534)	(66,515)	(89,534)	(66,515)
Net fee and commission income	289,244	255,797	289,244	255,797
Gross dividend income from:				
Financial assets held for trading	1,814	4,049	1,814	4,049
Financial investments available-for-sale	2,000	-	2,000	-
	3,814	4,049	3,814	4,049
Net gain arising from financial assets held for trading				
- realised gain/(loss)	45,492	(130,229)	45,492	(130,229)
- unrealised gain	297,979	230,408	297,979	230,408
	343,471	100,179	343,471	100,179
Net loss arising from derivative financial instrument				
- realised gain	353,581	182,136	353,581	182,136
- unrealised loss	(629,912)	(395,610)	(629,912)	(395,610)
	(276,331)	(213,474)	(276,331)	(213,474)
Net loss arising from financial liabilities designated at fair value				
- realised (loss)/gain	(3,718)	1,750	(3,718)	1,750
- unrealised loss	(1,665)	(139,805)	(1,665)	(139,805)
	(5,383)	(138,055)	(5,383)	(138,055)
Net gain/(loss) arising from hedging activities	5,791	(22,898)	5,791	(22,898)
Net gain from sale of financial investments available-for-sale	10,285	(6,940)	10,285	(6,940)
Other non-interest income				
Foreign exchange gain	286,879	360,418	286,879	360,418
Rental income	1,358	1,125	1,358	1,125
Gain on disposal of property, plant and equipment/assets held for sale	3,344	747	3,344	747
Others	8,996	10,772	8,996	10,772
	300,577	373,062	300,577	373,062
	671,468	351,720	671,468	351,720

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

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Personnel costs				
- Salaries, allowances and bonuses	631,397	543,585	631,397	543,585
- Pension costs (defined contribution plan)	65,072	58,853	65,072	58,853
- Pension costs (defined benefit plan)	6,876	4,468	6,876	4,468
- Overtime	4,507	4,144	4,507	4,144
- Staff incentives and other staff payments	32,965	40,801	32,965	40,801
- Medical expenses	21,339	21,781	21,339	21,781
- Others	18,083	18,989	18,083	18,989
	780,239	692,621	780,239	692,621
Establishment costs				
- Depreciation of property, plant and equipment	46,838	39,677	46,838	39,677
- Amortisation of prepaid lease payments	-	51	-	51
- Rental	75,623	78,724	75,623	78,724
- Amortisation of intangible assets	48,257	45,943	48,257	45,943
- Repair and maintenance	88,864	84,859	88,864	84,859
- Outsourced services	24,584	32,805	24,584	32,805
- Security expenses	26,063	25,717	26,063	25,717
- Others	21,146	23,765	21,146	23,765
	331,375	331,541	331,375	331,541
Marketing expenses				
- Sales commission	1,501	688	1,501	688
- Advertisement	33,862	41,029	33,862	41,029
- Others	5,287	5,535	5,287	5,535
	40,650	47,252	40,650	47,252
Administration and general expenses				
- Communication	6,442	5,114	6,442	5,114
- Consultancy and professional fees	12,947	12,601	12,947	12,601
- Legal expenses	16,645	2,356	16,645	2,356
- Stationery	7,830	9,062	7,830	9,062
- Postages	12,172	13,609	12,172	13,609
- Administrative travelling and vehicle expenses	9,810	9,881	9,810	9,881
- Incidental expenses on banking operations	9,719	15,916	9,719	15,916
- Insurance	44,679	40,393	44,679	40,393
- Others	84,389	74,456	84,389	74,456
	204,633	183,388	204,633	183,388
Shared service cost	10,420	(3,131)	10,420	(3,131)
	1,367,317	1,251,671	1,367,317	1,251,671

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	496,661	421,977	496,661	421,977
- Pension costs (defined contribution plan)	59,482	53,112	59,482	53,112
- Overtime	3,082	2,856	3,082	2,856
- Staff incentives and other staff payments	26,191	37,651	26,191	37,651
- Medical expenses	19,904	20,110	19,904	20,110
- Others	8,789	11,855	8,789	11,855
	614,109	547,561	614,109	547,561
Establishment costs				
- Depreciation of property, plant and equipment	34,658	27,539	34,658	27,539
- Rental	63,471	66,663	63,471	66,663
- Amortisation of intangible assets	42,672	40,041	42,672	40,041
- Repair and maintenance	81,636	77,161	81,636	77,161
- Outsourced services	22,894	29,873	22,894	29,873
- Security expenses	25,772	25,482	25,772	25,482
- Others	15,562	16,263	15,562	16,263
	286,665	283,022	286,665	283,022
Marketing expenses				
- Sales commission	299	10	299	10
- Advertisement	31,340	35,290	31,340	35,290
- Others	4,689	5,256	4,689	5,256
	36,328	40,556	36,328	40,556
Administration and general expenses				
- Communication	4,622	3,422	4,622	3,422
- Consultancy and professional fees	11,056	11,462	11,056	11,462
- Legal expenses	13,467	856	13,467	856
- Stationery	5,523	6,327	5,523	6,327
- Postages	9,621	10,902	9,621	10,902
- Administrative travelling and vehicle expenses	7,463	7,511	7,463	7,511
- Incidental expenses on banking operations	6,690	10,399	6,690	10,399
- Insurance	9,970	9,859	9,970	9,859
- Others	73,582	66,237	73,582	66,237
	141,994	126,975	141,994	126,975
Shared service cost	(98,592)	(104,404)	(98,592)	(104,404)
	980,504	893,710	980,504	893,710

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	32,796	73,906	32,796	73,906
- Portfolio impairment allowance	180,382	119,871	180,382	119,871
Impaired loans and advances :				
- recovered	(87,064)	(84,040)	(87,064)	(84,040)
- written off	5,433	4,290	5,433	4,290
	<u>131,547</u>	<u>114,027</u>	<u>131,547</u>	<u>114,027</u>
Bank				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	(22,120)	15,346	(22,120)	15,346
- Portfolio impairment allowance	79,053	55,298	79,053	55,298
Impaired loans and advances :				
- recovered	(47,521)	(52,084)	(47,521)	(52,084)
- written off	4,100	3,535	4,100	3,535
	<u>13,512</u>	<u>22,095</u>	<u>13,512</u>	<u>22,095</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 31 Mar 2017	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	28,747,518	483,388	(783,810)	21,429,461	315,017	(731,518)
- less than one year	25,370,197	433,679	(334,243)	18,410,541	271,678	(278,959)
- one year to three years	2,382,031	31,651	(239,359)	2,036,069	25,392	(234,917)
- more than three years	995,290	18,058	(210,208)	982,851	17,947	(217,642)
Currency swaps	185,774,841	1,384,654	(1,164,081)	97,049,230	634,396	(407,161)
- less than one year	184,245,884	1,353,355	(1,156,970)	96,603,203	616,198	(407,125)
- one year to three years	721,433	24,831	(4,178)	382,612	17,174	(27)
- more than three years	807,524	6,468	(2,933)	63,415	1,024	(9)
Currency spots	5,981,878	6,064	(7,735)	4,947,423	5,606	(7,333)
- less than one year	5,981,878	6,064	(7,735)	4,947,423	5,606	(7,333)
Currency options	16,605,325	385,476	(418,266)	16,316,877	372,632	(406,938)
- less than one year	13,822,083	193,431	(222,634)	13,608,677	184,826	(214,805)
- one year to three years	1,005,641	36,502	(42,494)	930,599	32,263	(38,995)
- more than three years	1,777,601	155,543	(153,138)	1,777,601	155,543	(153,138)
Cross currency interest rate swaps	62,326,539	3,769,814	(3,766,889)	35,960,508	3,475,471	(3,430,555)
- less than one year	15,661,642	725,628	(434,883)	7,160,123	1,041,662	(656,644)
- one year to three years	18,141,976	1,072,031	(1,873,344)	10,452,245	818,520	(1,700,688)
- more than three years	28,522,921	1,972,155	(1,458,662)	18,348,140	1,615,289	(1,073,223)
	299,436,101	6,029,396	(6,140,781)	175,703,499	4,803,122	(4,983,505)
<u>Interest rate derivatives</u>						
Interest rate swaps	440,144,031	2,492,427	(1,865,269)	310,518,785	1,772,213	(1,389,855)
- less than one year	151,158,979	595,636	(611,414)	112,588,607	91,864	(113,477)
- one year to three years	138,376,076	508,214	(320,962)	93,159,217	544,404	(393,930)
- more than three years	150,608,976	1,388,577	(932,893)	104,770,961	1,135,945	(882,448)
Interest rate futures	6,893,740	1,981	(7,158)	6,893,740	1,981	(7,158)
- less than one year	6,539,740	1,981	(6,630)	6,539,740	1,981	(6,630)
- one year to three years	354,000	-	(528)	354,000	-	(528)
Interest rate options	63	1	(1)	63	1	(1)
- more than three years	63	1	(1)	63	1	(1)
	447,037,834	2,494,409	(1,872,428)	317,412,588	1,774,195	(1,397,014)
<u>Equity related derivatives</u>						
Equity swaps	993,342	8,991	(1,079)	993,342	8,991	(1,079)
- less than one year	82,953	7,842	(85)	82,953	7,842	(85)
- more than three years	729,891	1,149	(994)	729,891	1,149	(994)
Equity options	9,424,456	60,077	(403,263)	9,424,477	60,069	(403,263)
- less than one year	2,694,570	20,362	(369,139)	2,694,591	20,354	(369,139)
- one year to three years	4,401,165	36,590	(31,805)	4,401,165	36,590	(31,805)
- more than three years	2,328,721	3,125	(2,319)	2,328,721	3,125	(2,319)
Equity futures	521,128	3,563	(3,360)	521,128	3,563	(3,360)
- less than one year	521,128	3,563	(3,360)	521,128	3,563	(3,360)
	10,938,926	72,631	(407,702)	10,938,947	72,623	(407,702)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Mar 2017	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	3,441,678	158,883	(188,560)	3,441,649	158,863	(188,570)
- less than one year	3,154,249	122,863	(161,172)	3,154,220	122,843	(161,182)
- one year to three years	287,429	36,020	(27,388)	287,429	36,020	(27,388)
Commodity futures	2,642,581	54,798	(55,328)	2,642,581	54,798	(55,328)
- less than one year	2,642,581	54,798	(55,328)	2,642,581	54,798	(55,328)
Commodity options	5,074,674	242,671	(222,789)	5,074,674	242,671	(222,789)
- less than one year	4,656,910	238,018	(218,167)	4,656,910	238,018	(218,167)
- one year to three years	417,764	4,653	(4,622)	417,764	4,653	(4,622)
	11,158,933	456,352	(466,677)	11,158,904	456,332	(466,687)
<u>Credit related contract</u>						
Credit default swaps	7,571,505	27,685	(50,372)	7,571,114	47,903	(70,098)
- less than one year	2,209,195	8,450	(9,486)	2,209,195	8,450	(9,486)
- one year to three years	333,009	3,577	(2,597)	333,009	3,577	(2,597)
- more than three years	5,029,301	15,658	(38,289)	5,028,910	35,876	(58,015)
Total return swaps	1,789,238	15,123	(22,235)	1,764,388	15,089	(22,202)
- less than one year	1,342,788	6,228	(13,012)	1,342,788	6,228	(13,012)
- more than three years	446,450	8,895	(9,223)	421,600	8,861	(9,190)
	9,360,743	42,808	(72,607)	9,335,502	62,992	(92,300)
<u>Bond contract</u>						
Bond forward	457,008	5,480	(974)	110,000	1,590	(62)
- less than one year	167,078	600	(402)	-	-	-
- more than three years	225,669	4,880	(515)	110,000	1,590	(62)
<u>Hedging derivatives</u>						
Currency swaps	3,606,248	29,966	(32,564)	3,606,248	29,966	(32,564)
- less than one year	3,606,248	29,966	(32,564)	3,606,248	29,966	(32,564)
Cross currency interest rate swaps	4,371,540	53,652	(332,081)	1,893,906	31,442	(104,299)
- less than one year	623,399	25,563	(35,747)	623,399	25,563	(35,747)
- one year to three years	2,220,749	26,704	(222,988)	1,270,507	5,879	(68,552)
- more than three years	1,527,392	1,385	(73,346)	-	-	-
Interest rate swaps	27,225,740	132,862	(426,005)	31,060,755	264,945	(426,005)
- less than one year	4,748,854	19,260	(9,420)	5,014,153	19,385	(9,420)
- one year to three years	4,376,609	4,271	(78,096)	6,025,904	58,069	(78,096)
- more than three years	18,100,277	109,331	(338,489)	20,020,698	187,491	(338,489)
Total derivatives assets/(liabilities)	813,593,073	9,317,556	(9,751,819)	561,220,349	7,497,207	(7,910,138)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	25,772,318	781,816	(928,816)	18,000,029	497,622	(851,062)
- less than one year	22,567,615	712,318	(384,990)	15,112,089	440,733	(302,933)
- one year to three years	2,147,930	46,597	(299,913)	1,845,975	33,561	(294,771)
- more than three years	1,056,773	22,901	(243,913)	1,041,965	23,328	(253,358)
Currency swaps	154,770,013	1,745,933	(1,569,343)	69,828,899	1,194,347	(755,587)
- less than one year	152,579,276	1,694,263	(1,511,755)	68,726,808	1,154,705	(742,100)
- one year to three years	1,410,570	50,205	(34,427)	1,073,681	37,459	(13,487)
- more than three years	780,167	1,465	(23,161)	28,410	2,183	-
Currency spots	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
- less than one year	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
Currency options	15,593,967	545,672	(572,099)	15,307,799	532,976	(560,049)
- less than one year	12,909,058	283,548	(323,306)	12,733,994	276,913	(316,597)
- one year to three years	838,742	37,932	(42,280)	727,638	31,871	(36,939)
- more than three years	1,846,167	224,192	(206,513)	1,846,167	224,192	(206,513)
Cross currency interest rate swaps	62,663,827	4,641,946	(4,745,865)	35,311,655	4,070,104	(4,161,716)
- less than one year	17,525,841	988,086	(603,408)	8,169,279	1,262,746	(845,337)
- one year to three years	19,221,719	1,450,587	(2,288,860)	11,479,498	1,118,808	(1,971,887)
- more than three years	25,916,267	2,203,273	(1,853,597)	15,662,878	1,688,550	(1,344,492)
	261,680,753	7,720,766	(7,818,999)	141,018,758	6,299,987	(6,330,856)
<u>Interest rate derivatives</u>						
Interest rate swaps	437,082,980	2,669,467	(2,033,941)	341,006,056	1,914,265	(1,498,924)
- less than one year	170,242,502	146,214	(148,458)	138,637,015	109,462	(113,882)
- one year to three years	119,665,947	768,327	(549,726)	97,568,915	609,816	(431,288)
- more than three years	147,174,531	1,754,926	(1,335,757)	104,800,126	1,194,987	(953,754)
Interest rate futures	6,035,464	8,574	(8,659)	6,035,464	8,574	(8,659)
- less than one year	4,734,524	8,568	(7,494)	4,734,524	8,568	(7,494)
- one year to three years	1,300,940	6	(1,165)	1,300,940	6	(1,165)
Interest rate options	62,135	14	(14)	62,135	14	(14)
- less than one year	62,011	13	(13)	62,011	13	(13)
- more than three years	124	1	(1)	124	1	(1)
	443,180,579	2,678,055	(2,042,614)	347,103,655	1,922,853	(1,507,597)
<u>Equity related derivatives</u>						
Equity swaps	740,684	1,675	(7,390)	731,606	1,594	(7,390)
- less than one year	54,316	-	(5,700)	54,316	-	(5,700)
- more than three years	686,368	1,675	(1,690)	677,290	1,594	(1,690)
Equity options	9,966,772	94,940	(198,893)	9,966,772	94,940	(198,893)
- less than one year	2,608,079	57,439	(168,930)	2,608,079	57,439	(168,930)
- one year to three years	6,875,643	29,821	(22,297)	6,875,643	29,821	(22,297)
- more than three years	483,050	7,680	(7,666)	483,050	7,680	(7,666)
Equity futures	265,830	1,219	(2,444)	265,830	1,219	(2,444)
- less than one year	265,830	1,219	(2,444)	265,830	1,219	(2,444)
	10,973,286	97,834	(208,727)	10,964,208	97,753	(208,727)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	3,684,103	320,887	(514,252)	3,671,470	320,866	(514,255)
- less than one year	3,054,547	272,581	(366,043)	3,041,914	272,560	(366,046)
- one year to three years	629,556	48,306	(148,209)	629,556	48,306	(148,209)
Commodity futures	6,472,099	405,180	(191,328)	6,472,099	405,180	(191,328)
- less than one year	5,603,437	341,747	(176,720)	5,603,437	341,747	(176,720)
- one year to three years	868,662	63,433	(14,608)	868,662	63,433	(14,608)
Commodity options	4,202,948	227,122	(205,747)	4,202,948	227,122	(205,747)
- less than one year	4,180,743	222,255	(189,003)	4,180,743	222,255	(189,003)
- one year to three years	22,205	4,867	(16,744)	22,205	4,867	(16,744)
	14,359,150	953,189	(911,327)	14,346,517	953,168	(911,330)
<u>Credit related contract</u>						
Credit default swaps	6,781,108	56,700	(66,341)	6,780,867	63,127	(73,258)
- less than one year	2,302,077	17,909	(16,808)	2,302,077	17,909	(16,808)
- one year to three years	408,849	4,270	(2,908)	408,849	4,270	(2,908)
- more than three years	4,070,182	34,521	(46,625)	4,069,941	40,948	(53,542)
Total return swaps	1,468,770	9,282	(39,229)	1,441,920	9,096	(39,043)
- less than one year	1,009,350	348	(29,613)	1,009,350	348	(29,613)
- more than three years	459,420	8,934	(9,616)	432,570	8,748	(9,430)
	8,249,878	65,982	(105,570)	8,222,787	72,223	(112,301)
<u>Bond Forward</u>						
	265,217	14,388	(429)	90,000	971	(429)
- Up to 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,574	4,348	(429)	90,000	971	(429)
<u>Hedging derivatives</u>						
Currency swaps	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
- less than one year	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
Cross currency interest rate swaps	4,355,932	106,949	(383,641)	1,858,643	40,824	(149,914)
- less than one year	589,611	38,405	(37,151)	589,611	38,405	(37,151)
- one year to three years	2,226,411	41,475	(275,370)	1,269,032	2,419	(112,763)
- more than three years	1,539,910	27,069	(71,120)	-	-	-
Interest rate swaps	25,457,424	112,467	(396,530)	29,294,262	240,733	(396,530)
- less than one year	4,784,510	15,679	(4,057)	5,050,694	16,030	(4,057)
- one year to three years	4,883,067	4,784	(80,897)	6,533,018	63,689	(80,897)
- more than three years	15,789,847	92,004	(311,576)	17,710,550	161,014	(311,576)
Total derivatives assets/(liabilities)	773,493,343	11,809,961	(12,030,888)	557,869,954	9,688,843	(9,780,735)

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 31 March 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM9,317,556,000 and RM7,497,207,000 respectively (31 December 2016: RM11,809,961,000 and RM9,688,843,000 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 2017, the Group and the Bank has posted cash collateral of RM3,983,784,000 and RM3,736,630,000 respectively (31 December 2016: RM5,030,001,000 and RM4,489,383,000 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 2016.

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies

The Group	31 Mar 2017	31 Dec 2016
<u>Credit-related</u>	Principal	Principal
	RM'000	RM'000
Direct credit substitutes	3,168,572	3,716,152
Transaction-related contingent items	5,724,650	5,731,778
Short-term self-liquidating trade-related contingencies	4,619,106	4,437,262
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	47,998,099	47,180,249
- maturity exceeding one year	31,050,827	28,260,340
Miscellaneous commitments and contingencies	2,726,420	2,361,562
Total credit-related commitments and contingencies	95,287,674	91,687,343
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	249,311,331	214,023,153
- one year to five years	43,448,938	43,403,524
- more than five years	14,653,620	13,581,132
	307,413,889	271,007,809
Interest rate related contracts :		
- less than one year	162,447,573	179,823,547
- one year to five years	257,524,898	241,396,679
- more than five years	54,291,103	47,417,777
	474,263,574	468,638,003
Equity related contracts:		
- less than one year	3,298,651	2,928,225
- one year to five years	6,858,828	7,305,802
- more than five years	781,447	739,259
	10,938,926	10,973,286
Credit related contracts:		
- less than one year	3,551,983	3,311,427
- one year to five years	3,212,289	3,924,885
- more than five years	2,596,471	1,013,566
	9,360,743	8,249,878
Commodity related contracts:		
- less than one year	10,453,740	12,838,727
- one year to five years	705,193	1,520,423
	11,158,933	14,359,150
Bond contracts:		
- less than one year	167,078	137,643
- one year to five years	179,930	37,574
- more than five years	110,000	90,000
	457,008	265,217
Total treasury-related commitments and contingencies	813,593,073	773,493,343
	908,880,747	865,180,686

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

	31 Mar 2017	31 Dec 2016
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	2,932,963	3,498,784
Transaction-related contingent items	3,793,628	3,875,445
Short-term self-liquidating trade-related contingencies	3,834,931	3,641,147
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	38,823,698	38,500,809
- maturity exceeding one year	27,610,898	24,841,154
Miscellaneous commitments and contingencies	983,391	1,468,994
Total credit-related commitments and contingencies	<u>77,979,509</u>	<u>75,826,333</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	144,959,614	112,873,281
- one year to five years	26,605,737	26,617,360
- more than five years	9,638,302	8,357,884
	181,203,653	147,848,525
Interest rate related contracts :		
- less than one year	124,142,500	148,484,244
- one year to five years	190,074,806	194,629,154
- more than five years	34,256,037	33,284,519
	348,473,343	376,397,917
Equity related contracts:		
- less than one year	3,298,672	2,928,225
- one year to five years	6,858,828	7,305,802
- more than five years	781,447	730,181
	10,938,947	10,964,208
Credit related contracts:		
- less than one year	3,551,983	3,311,427
- one year to five years	2,076,620	3,924,885
- more than five years	3,706,899	986,475
	9,335,502	8,222,787
Commodity related contracts:		
- less than one year	10,453,711	12,826,094
- one year to five years	705,193	1,520,423
	11,158,904	14,346,517
Bond contracts:		
- more than five years	110,000	90,000
	110,000	90,000
Total treasury-related commitments and contingencies	<u>561,220,349</u>	<u>557,869,954</u>
	<u>639,199,858</u>	<u>633,696,287</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities 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 and BNM Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, revised on 13 October 2015 and updated on 1 August 2016. The revised guidelines took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019.

The IRB Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advance 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 the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines issued on 8 November 2012. 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. 12/2555 - 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 ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency 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 from CIMB Bank PLC's net worth divided by its risk-weighted assets.

Capital Adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014, amended by circular 06/2016/TT-NHNN dated 27 May 2016 with minimum compliance of 9%. On 30 December 2016, SBV officially issued circular 41/2016/TT-NHNN (effective 1 January 2020) requiring banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk .

31 March 2017 - Basel III

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

	The Group RM'000	The Bank* RM'000
Common equity tier 1 ratio	11.313%	10.795%
Tier 1 ratio	12.506%	12.252%
Total capital ratio	<u>16.132%</u>	<u>15.953%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2016. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

(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	188,639,773	140,037,735
Market risk	14,854,983	11,796,130
Large exposure risk requirements	709,919	709,919
Operational risk	<u>18,654,541</u>	<u>13,715,673</u>
Total risk-weighted assets	<u>222,859,216</u>	<u>166,259,457</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 March 2017 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	16,186,711 @	16,186,711 @
Other reserves	17,517,353 @ #	11,667,303 @ #
Qualifying non-controlling interests	304,884	-
Common Equity Tier I capital before regulatory adjustments	<u>34,008,948</u>	<u>27,854,014</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,204,081)	(3,555,075)
Intangible assets	(892,800)	(793,533)
Deferred tax assets	(411,958)	(183,166)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(709,083)	(3,993,346)
Others	(1,578,693)	(1,380,422)
Common Equity Tier I capital after regulatory adjustments	<u>25,212,333</u>	<u>17,948,472</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	59,749	-
	<u>2,659,749</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,226)	(178,226)
Additional Tier I capital after regulatory adjustments	<u>2,657,523</u>	<u>2,421,774</u>
Total Tier I capital	<u>27,869,856</u>	<u>20,370,246</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	405,358	-
Surplus eligible provisions over expected loss	165,242	372,296
Portfolio impairment allowance and regulatory reserves ^	608,900	246,566
Tier II capital before regulatory adjustments	<u>8,259,240</u>	<u>7,698,602</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(177,827)	(1,545,368)
Total Tier II capital	<u>8,081,413</u>	<u>6,153,234</u>
Total capital	<u>35,951,269</u>	<u>26,523,480</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.634%	10.517%	N/A	N/A
Tier 1 ratio	14.360%	10.517%	N/A	N/A
Total capital ratio	<u>16.356%</u>	<u>16.150%</u>	<u>21.072%</u>	<u>415.457%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2016 - 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	11.942%	12.064%
Tier I ratio	13.156%	13.567%
Total capital ratio	<u>16.771%</u>	<u>16.699%</u>
After deducting proposed dividend		
Common equity tier I ratio	11.556%	11.549%
Tier I ratio	12.770%	13.051%
Total capital ratio	<u>16.385%</u>	<u>16.183%</u>

On 26 April 2016, CIMB Group Holdings Berhad ("CIMB Group") completed its seventh Dividend Reinvestment Scheme ("DRS") of which RM814 million was reinvested into new CIMB Group shares. There was no reinvestment made into CIMB Bank post the successful completion of the DRS.

CIMB Group successfully completed its eighth DRS of which RM599 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM675 million into CIMB Bank via rights issue which was completed on 15 December 2016.

(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	185,063,333	138,362,816
Market risk	14,567,619	11,249,430
Large exposure risk requirements	719,612	719,612
Operational risk	18,282,144	13,500,836
Total risk-weighted assets	<u>218,632,708</u>	<u>163,832,694</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 share capital	5,276,655	5,276,655
Other reserves	28,982,224	23,251,046
Qualifying non-controlling interests	307,549	-
Less: Proposed dividends	(844,265)	(844,265)
Common Equity Tier I capital before regulatory adjustments	<u>33,722,163</u>	<u>27,683,436</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,188,198)	(3,555,075)
Intangible assets	(934,211)	(833,024)
Deferred tax assets	(384,082)	(164,602)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(531,812)	(2,963,652)
Others	(1,419,044)	(1,246,394)
Common Equity Tier I capital after regulatory adjustments	<u>25,264,816</u>	<u>18,920,689</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	60,423	-
Additional Tier I capital before and after regulatory adjustments	<u>2,660,423</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(6,568)	(138,568)
Additional Tier I capital after regulatory adjustments	<u>2,653,855</u>	<u>2,461,432</u>
Total Tier I capital	<u>27,918,671</u>	<u>21,382,121</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2016 - Basel III (Continued)

Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	180,808	375,461
Qualifying capital instruments held by third parties	407,064	-
Portfolio impairment allowance and regulatory reserves [^]	596,054	247,139
Tier II capital before regulatory adjustments	8,263,666	7,702,340
 <u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(359,121)	(2,571,006)
Total Tier II capital	7,904,545	5,131,334
 Total capital	 35,823,216	 26,513,455

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	14.711%	10.156%	N/A
Tier I ratio	15.526%	10.156%	N/A
Total capital ratio	<u>18.025%</u>	<u>15.583%</u>	<u>15.926%</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 RM173 million (2016: RM186 million) and RM155 million (2016: RM166 million) respectively.

includes the proposed single tier second interim dividend of RM844 million in respect of the financial year ended 31 December 2016 which was paid on 3 April 2017

@ The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

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

Commercial Banking

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

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

Wholesale Banking

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

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

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

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

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

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

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

Investments

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

Support and others

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

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

31 Mar 2017

	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	1,171,802	174,799	220,338	130,853	(3,126)	1,694,666
- inter-segment	(249,803)	47,917	202,437	(551)	-	-
	921,999	222,716	422,775	130,302	(3,126)	1,694,666
Income from Islamic Banking operations	201,128	41,562	129,135	35,796	-	407,621
Net non-interest income	314,512	101,420	349,945	20,342	7,920	794,139
Net income	1,437,639	365,698	901,855	186,440	4,794	2,896,426
Overheads	(743,268)	(169,630)	(383,265)	(58,082)	(13,072)	(1,367,317)
of which:						
Depreciation of property, plant and equipment	(39,179)	(1,101)	(4,726)	(1,832)	-	(46,838)
Amortisation of intangible assets	(37,703)	(455)	(4,900)	(5,199)	-	(48,257)
Profit before allowances	694,371	196,068	518,590	128,358	(8,278)	1,529,109
Allowances for impairment losses on loans, advances and financing (made)/written-back	(103,769)	(84,472)	56,694	-	-	(131,547)
Allowances for losses on other receivables	-	-	-	-	(3,142)	(3,142)
Allowances for commitments and contingencies written-back	-	(2,738)	(2,222)	-	-	(4,960)
Allowances for other impairment losses	-	(6)	-	-	-	(6)
Segment result	590,602	108,852	573,062	128,358	(11,420)	1,389,454
Share of results of joint venture	2,245	-	-	-	-	2,245
Taxation						(280,898)
Profit for the financial period						1,110,801

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)****Group
31 Mar 2016**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	1,075,045	166,821	218,168	118,062	(3,019)	1,575,077
- inter-segment	(222,381)	49,096	148,611	24,674	-	-
	852,664	215,917	366,779	142,736	(3,019)	1,575,077
Income from Islamic Banking operations	180,480	40,087	104,902	47,729	-	373,198
Net non-interest income/(expense)	274,375	56,589	174,998	(42,663)	9,787	473,086
Net income	1,307,519	312,593	646,679	147,802	6,768	2,421,361
Overheads	(733,164)	(143,503)	(315,442)	(43,787)	(15,775)	(1,251,671)
of which:						
Depreciation of property, plant and equipment	(36,339)	(1,173)	(1,885)	(280)	-	(39,677)
Amortisation of prepaid lease payments	(45)	(2)	(4)	-	-	(51)
Amortisation of intangible assets	(33,402)	(581)	(6,494)	(5,466)	-	(45,943)
Profit before allowances	574,355	169,090	331,237	104,015	(9,007)	1,169,690
Allowances for impairment losses on loans, advances and financing (made)/written-back	(52,188)	(43,692)	(18,387)	240	-	(114,027)
Allowances for losses on other receivables	-	-	-	-	(2,797)	(2,797)
Allowances for other impairment losses written-back	-	119	-	-	-	119
Segment result	522,167	125,517	312,850	104,255	(11,804)	1,052,985
Share of results of joint venture	1,024	-	-	-	-	1,024
Share of results of associates	-	-	-	48,974	-	48,974
Taxation						(236,226)
Profit for the financial period						866,757

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

31 Mar 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	148,059,778	31,154,052	201,366,084	22,096,282	402,676,196
Unallocated assets					14,756,442
Total assets					417,432,638
Segment liabilities	125,548,774	34,153,665	202,999,831	11,196,912	373,899,182
Unallocated liabilities					7,312,843
Total liabilities					381,212,025
Other segment items					
Capital expenditure	74,193	1,588	9,240	6,296	91,317
Investment in joint venture	167,274	-	-	-	167,274

Group

31 Dec 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	144,910,432	30,977,379	183,896,123	21,875,025	381,658,959
Unallocated assets					13,872,751
Total assets					395,531,710
Segment liabilities	117,611,584	33,490,961	191,999,028	11,031,521	354,133,094
Unallocated liabilities					6,506,122
Total liabilities					360,639,216
Other segment items					
Capital expenditure	482,162	11,850	70,143	24,650	588,805
Investment in joint venture	165,029	-	-	-	165,029

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

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.

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of rate reasonableness verification;
- 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-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the GMRC for approval;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. 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 and/or the GMRC;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- 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; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at 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:

	The Group											
	Carrying amount	Fair Value				Total	Carrying amount	Fair Value				Total
		31 Mar 2017	Level 1	Level 2	Level 3			31 Dec 2016	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Recurring fair value measurements												
Financial assets												
Financial assets held for trading												
-Money market instruments	20,064,469	-	20,064,469	-	20,064,469	16,177,992	-	16,177,992	-	-	16,177,992	
-Quoted securities	1,418,342	1,418,342	-	-	1,418,342	783,156	783,156	-	-	-	783,156	
-Unquoted securities	5,334,899	-	5,154,454	180,445	5,334,899	4,372,151	-	4,193,700	178,451	-	4,372,151	
Financial investments available-for-sale												
-Money market instruments	3,207,606	-	3,207,606	-	3,207,606	3,100,531	-	3,100,531	-	-	3,100,531	
-Quoted securities	12,249	12,249	-	-	12,249	12,792	12,792	-	-	-	12,792	
-Unquoted securities	22,338,448	-	21,018,140	1,320,308	22,338,448	22,854,511	-	21,556,643	1,297,868	-	22,854,511	
Derivative financial instruments												
-Trading derivatives	9,101,076	60,516	8,974,184	66,376	9,101,076	11,530,214	423,619	10,996,882	109,713	-	11,530,214	
-Hedging derivatives	216,480	-	216,480	-	216,480	279,747	-	279,747	-	-	279,747	
Non-recurring fair value measurements												
Non-financial assets												
Non-current assets/disposal groups held for sale	890,927	-	890,927	-	890,927	4,573	-	4,573	-	-	4,573	
Total	62,584,496	1,491,107	59,526,260	1,567,129	62,584,496	59,115,667	1,219,567	56,310,068	1,586,032	-	59,115,667	
Recurring fair value measurements												
Financial liabilities												
Derivative financial instruments												
- Trading derivatives	8,961,169	146,116	8,491,021	324,032	8,961,169	11,087,666	270,504	10,676,652	140,510	-	11,087,666	
- Hedging derivatives	790,650	-	790,650	-	790,650	943,222	-	943,222	-	-	943,222	
Financial liabilities designated at fair values	4,932,023	-	4,541,931	390,092	4,932,023	4,367,577	-	3,981,115	386,462	-	4,367,577	
Total	14,683,842	146,116	13,823,602	714,124	14,683,842	16,398,465	270,504	15,600,989	526,972	-	16,398,465	

	The Bank											
	Carrying amount	Fair Value				Total	Carrying amount	Fair Value				Total
		31 Mar 2017	Level 1	Level 2	Level 3			31 Dec 2016	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Recurring fair value measurements												
Financial assets												
Financial assets held for trading												
-Money market instruments	15,904,836	-	15,904,836	-	15,904,836	13,057,470	-	13,057,470	-	-	13,057,470	
-Quoted securities	1,418,342	1,418,342	-	-	1,418,342	783,156	783,156	-	-	-	783,156	
-Unquoted securities	4,856,806	-	4,782,479	74,327	4,856,806	3,772,675	-	3,699,169	73,506	-	3,772,675	
Financial investments available-for-sale												
-Money market instruments	1,818,155	-	1,818,155	-	1,818,155	1,833,994	-	1,833,994	-	-	1,833,994	
-Quoted securities	55	55	-	-	55	63	63	-	-	-	63	
-Unquoted securities	17,859,641	-	16,559,309	1,300,332	17,859,641	18,651,369	-	17,374,248	1,277,121	-	18,651,369	
Derivative financial instruments												
-Trading derivatives	7,170,854	60,516	7,043,962	66,376	7,170,854	9,346,955	423,619	8,813,623	109,713	-	9,346,955	
-Hedging derivatives	326,353	-	326,353	-	326,353	341,888	-	341,888	-	-	341,888	
Non-recurring fair value measurements												
Non-financial assets												
Non-current assets/disposal groups held for sale	305,959	-	305,959	-	305,959	375	-	375	-	-	375	
Total	49,661,001	1,478,913	46,741,053	1,441,035	49,661,001	47,787,945	1,206,838	45,120,767	1,460,340	-	47,787,945	
Recurring fair value measurements												
Financial liabilities												
Derivative financial instruments												
-Trading derivatives	7,347,270	146,116	6,877,122	324,032	7,347,270	9,071,240	270,504	8,660,226	140,510	-	9,071,240	
-Hedging derivatives	562,868	-	562,868	-	562,868	709,495	-	709,495	-	-	709,495	
Financial liabilities designated at fair values	2,112,215	-	1,722,123	390,092	2,112,215	2,004,463	-	1,618,001	386,462	-	2,004,463	
Total	10,022,353	146,116	9,162,113	714,124	10,022,353	11,785,198	270,504	10,987,722	526,972	-	11,785,198	

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2017 and 31 December 2016 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	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2017							
At 1 January	178,451	1,297,868	109,713	1,586,032	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	4,443	(6)	(38,726)	(34,289)	(252,639)	(7,233)	(259,872)
Total gains recognised in other comprehensive income	-	20,750	-	20,750	-	-	-
Purchases	-	7,447	17,974	25,421	(19,654)	-	(19,654)
Sales and redemptions	-	(1,081)	-	(1,081)	-	-	-
Settlements	-	-	(22,556)	(22,556)	87,855	3,603	91,458
Exchange fluctuation	(2,449)	(4,670)	(29)	(7,148)	916	-	916
At 31 March	180,445	1,320,308	66,376	1,567,129	(324,032)	(390,092)	(714,124)

Total gains/(losses) recognised in statement of income for financial period ended 31 March 2017 under:

- net non-interest income	4,443	(6)	(38,726)	(34,289)	(252,639)	(2,658)	(255,297)
- interest expense	-	-	-	-	-	(4,575)	(4,575)

Total gains recognised in other comprehensive income for financial period ended 31 March 2017 under "revaluation reserves"

	-	20,750	-	20,750	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 March 2017 under "net non-interest income"

	4,443	-	(11,228)	(6,785)	(190,646)	(2,658)	(193,304)
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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	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 gains/(losses) recognised in statement of income	12,927	(28,949)	(56,250)	(72,272)	107,021	(46,608)	60,413
Total gains recognised in other comprehensive income	-	83,849	-	83,849	-	-	-
Purchases	-	122,760	39,369	162,129	(38,421)	-	(38,421)
Sales and redemptions	-	(208,454)	-	(208,454)	-	-	-
Settlements	-	-	(5,666)	(5,666)	6,246	19,235	25,481
Exchange fluctuation	8,139	13,497	(618)	21,018	1,271	-	1,271
At 31 December	178,451	1,297,868	109,713	1,586,032	(140,510)	(386,462)	(526,972)

Total gains/(losses) recognised in statement of income for financial year ended 31 December 2016 under:

- net non-interest income	12,927	(25,220)	(56,250)	(68,543)	107,021	(30,236)	76,785
- interest expense	-	-	-	-	-	(16,372)	(16,372)
- allowances for other impairment losses	-	(3,729)	-	(3,729)	-	-	-

Total gains recognised in other comprehensive income for financial year ended 31 December 2016 under "revaluation reserves"

	-	83,849	-	83,849	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2016 under "net non-interest income"

	12,927	-	24,642	37,569	62,697	(30,236)	32,461
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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 31 March 2017 and 31 December 2016 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							
2017							
At 1 January	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	1,830	-	(38,726)	(36,896)	(252,639)	(7,233)	(259,872)
Total gains recognised in other comprehensive income	-	20,788	-	20,788	-	-	-
Purchases	-	7,447	17,974	25,421	(19,654)	-	(19,654)
Sales and redemptions	-	(132)	-	(132)	-	-	-
Settlements	-	-	(22,556)	(22,556)	87,855	3,603	91,458
Exchange fluctuation	(1,009)	(4,892)	(29)	(5,930)	916	-	916
At 31 March	74,327	1,300,332	66,376	1,441,035	(324,032)	(390,092)	(714,124)
Total gains/(losses) recognised in statement of income for financial period ended 31 March 2017 under:							
- net non-interest income	1,830	-	(38,726)	(36,896)	(252,639)	(2,658)	(255,297)
- interest expense	-	-	-	-	-	(4,575)	(4,575)
Total gains recognised in other comprehensive income for financial period ended 31 March 2017 under "revaluation reserves"	-	20,788	-	20,788	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 March 2017 under "net non-interest income"	1,830	-	(11,228)	(9,398)	(190,646)	(2,658)	(193,304)

	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 gains/(losses) recognised in statement of income	5,325	(11,847)	(56,250)	(62,772)	107,021	(46,608)	60,413
Total gains recognised in other comprehensive income	-	66,696	-	66,696	-	-	-
Purchases	-	121,333	39,369	160,702	(38,421)	-	(38,421)
Sales and redemptions	-	(161,086)	-	(161,086)	-	-	-
Settlements	-	-	(5,666)	(5,666)	6,246	19,235	25,481
Exchange fluctuation	3,352	14,606	(618)	17,340	1,271	-	1,271
At 31 December	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2016 under:							
- net non-interest income	5,325	(11,847)	(56,250)	(62,772)	107,021	(30,236)	76,785
- interest expense	-	-	-	-	-	(16,372)	(16,372)
Total gains recognised in other comprehensive income for financial year ended 31 December 2016 under "revaluation reserves"	-	66,696	-	66,696	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2016 under "net non-interest income"	5,325	-	24,642	29,967	62,697	(30,236)	32,461

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	Group		Bank	
		31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Assets					
Cash and short-term funds		8,849,588	8,425,152	1,619,786	1,372,170
Deposits and placements with banks and other financial institutions		135,566	430,948	538,231	551,349
Financial assets held for trading		3,980,099	2,949,804	329,002	219,139
Financial investments available-for-sale		2,218,524	1,918,663	519,148	293,433
Financial investments held-to-maturity		3,755,453	3,564,547	238,557	233,947
Islamic derivative financial instruments		610,070	872,532	1,510	1,881
Financing, advances and other financing/loans	A25c	53,891,876	51,545,247	4,607,822	4,372,374
Other assets		1,149,927	1,493,475	529,544	610,095
Deferred taxation		14,327	15,427	-	-
Amount due from conventional operations		1,278,436	1,278,436	-	-
Amount due from related companies		3,918,583	3,575,340	3,917,893	3,574,444
Statutory deposits with Bank Negara Malaysia		1,395,329	1,384,859	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		78,610	81,079	33	39
Property, plant and equipment		8,412	9,603	16	21
Total assets		81,420,800	77,681,112	12,301,542	11,228,892
Liabilities					
Deposits from customers	A25d	57,568,737	56,108,748	2,894,394	3,346,460
Investment accounts of customers	A25e	255,349	254,408	-	-
Deposits and placements of banks and other financial institutions		3,356,535	2,236,242	2,868,566	2,476,700
Investment accounts due to designated financial institutions	A25f	4,725,505	3,912,011	-	-
Financial liabilities designated at fair value	A25g	2,194	2,181	-	-
Islamic derivative financial instruments		721,555	979,203	537	193
Other liabilities		5,364,062	4,432,670	4,977,770	4,176,683
Recourse obligation on loans and financing sold to Cagamas		1,065,610	1,353,390	-	-
Sukuk		553,461	586,488	-	-
Amount due to related company		1,331,217	1,049,776	1,225,523	942,644
Amount due to conventional operations		18,370	495,087	-	-
Provision for taxation		39,862	45,623	-	-
Subordinated Sukuk		610,079	617,563	-	-
Total liabilities		75,612,536	72,073,390	11,966,790	10,942,680
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,588,264	4,387,722	334,752	286,212
Total equity		5,808,264	5,607,722	334,752	286,212
Total equity and liabilities		81,420,800	77,681,112	12,301,542	11,228,892

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Income derived from investment of depositors' funds and others	718,668	639,999	718,668	639,999
Income derived from investment of investment accounts	52,029	42,578	52,029	42,578
Net income derived from investment of shareholders' funds	78,858	59,595	78,858	59,595
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(48)	13,010	(48)	13,010
Allowance for losses on other receivables (made)/written-back	(37)	33	(37)	33
Total distributable income	849,470	755,215	849,470	755,215
Income attributable to depositors	(445,847)	(370,087)	(445,847)	(370,087)
Profit distributed to investment account holder	(36,439)	(29,480)	(36,439)	(29,480)
Total net income	367,184	355,648	367,184	355,648
Other operating expenses	(132,288)	(129,147)	(132,288)	(129,147)
Profit before taxation	234,896	226,501	234,896	226,501
Taxation	(47,064)	(47,039)	(47,064)	(47,039)
Profit for the financial period	187,832	179,462	187,832	179,462

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Profit for the financial period	187,832	179,462	187,832	179,462
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	9,549	5,591	9,549	5,591
- Net gain from change in fair value	11,617	11,290	11,617	11,290
- Realised gain transferred to statement of income on disposal and impairment	(704)	(3,012)	(704)	(3,012)
- Income tax effects	(1,425)	(2,687)	(1,425)	(2,687)
- Currency transaction difference	61	-	61	-
Exchange fluctuation reserve	3,272	(13,621)	3,272	(13,621)
Other comprehensive income/(expense) for the financial period, net of tax	12,821	(8,030)	12,821	(8,030)
Total comprehensive income for the period	200,653	171,432	200,653	171,432
Total net income	367,184	355,648	367,184	355,648
Add: Allowance for impairment losses on financing, advances and other financing/loans made/(written-back)	48	(13,010)	48	(13,010)
Add: Allowance for losses on other receivables made/ (written-back)	37	(33)	37	(33)
	367,269	342,605	367,269	342,605
Elimination for transactions with conventional operations	40,352	30,593	40,352	30,593
Income from Islamic operations (per page 2)	407,621	373,198	407,621	373,198

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Income derived from investment of depositors' funds and others	52,144	38,394	52,144	38,394
Net income derived from investment of shareholders' funds	902	8,103	902	8,103
Allowance for impairment losses on financing, advances and other financing/loans written-back	5,981	133	5,981	133
Total distributable income	59,027	46,630	59,027	46,630
Income attributable to depositors	<u>(16,616)</u>	<u>(13,015)</u>	<u>(16,616)</u>	<u>(13,015)</u>
Total net income	42,411	33,615	42,411	33,615
Profit for the financial period	<u>42,411</u>	<u>33,615</u>	<u>42,411</u>	<u>33,615</u>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Profit for the financial period	42,411	33,615	42,411	33,615
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	4,986	452	5,049	452
- Net gain/(loss) from change in fair value	5,136	(137)	5,136	(137)
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(150)	589	(150)	589
- Currency translation difference	63	-	63	-
Exchange fluctuation reserve	1,831	(22,577)	1,831	(22,577)
Other comprehensive income/(expense) for the financial period, net of tax	6,880	(22,125)	6,880	(22,125)
Total comprehensive income for the period	<u>49,291</u>	<u>11,490</u>	<u>49,291</u>	<u>11,490</u>
Total net income	42,411	33,615	42,411	33,615
Add: Allowances for impairment losses on financing, advances and other financing/loans written-back	(5,981)	(133)	(5,981)	(133)
Elimination for transactions with conventional operations	2,867	-	2,867	-
Income from Islamic operations (per page 4)	<u>39,297</u>	<u>33,482</u>	<u>39,297</u>	<u>33,482</u>

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
At 31 Mar 2017

At amortised cost	Sale-based contracts					Lease-based contracts		Loan contract	Other	Total RM'000
	Bai'		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah		Qard RM'000	Ujrah RM'000	
	Murabahah RM'000	Bithaman Ajil RM'000				Muntabiah Bi al- Tamluk RM'000	Al-Ijarah Thumma al-Bai RM'000			
Cash line [^]	-	20,116	5,317	-	647,272	-	-	4,130	-	676,835
Term financing										
- House financing	-	6,780,025	-	-	4,369,191	1,471,841	-	-	-	12,621,057
- Syndicated financing	764,160	867	259,083	-	1,692,443	97,570	-	-	-	2,814,123
- Hire purchase receivables	-	-	-	-	-	-	4,346,960	-	-	4,346,960
- Other term financing	2,746,632	1,907,441	9,894,262	-	13,753,921	57,093	-	-	-	28,359,349
Bills receivable	-	-	-	70,127	-	-	-	-	-	70,127
Islamic trust receipts	146,053	-	-	-	-	-	-	-	-	146,053
Claims on customers under acceptance credits	642,171	-	-	61,246	-	-	-	-	-	703,417
Staff financing	3	-	-	-	21,737	-	-	-	-	21,740
Revolving credits	224,815	-	-	-	3,218,339	-	-	-	-	3,443,154
Credit card receivables	-	-	-	-	-	-	-	-	118,784	118,784
Share purchase financing	1,767	-	-	-	-	-	-	-	-	1,767
Other financing	776,504	-	-	-	-	-	-	-	-	776,504
Gross financing, advances and other financing/loans	5,302,105	8,708,449	10,158,662	131,373	23,702,903	1,626,504	4,346,960	4,130	118,784	54,099,870
Fair value changes arising from fair value hedge										91,654
										54,191,524
Less: Allowance for impairment losses										(50,429)
- Individual impairment allowance										(249,219)
- Portfolio impairment allowance										(299,648)
Net financing, advances and other financing/loans										53,891,876

The Group
At 31 Dec 2016

At amortised cost	Sale-based contracts					Lease-based contracts		Loan contract	Other	Total RM'000
	Bai'		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah		Qard RM'000	Ujrah RM'000	
	Murabahah RM'000	Bithaman Ajil RM'000				Muntabiah Bi al- Tamluk RM'000	Al-Ijarah Thumma al-Bai RM'000			
Cash line [^]	-	30,336	11,772	-	639,697	-	-	4,283	-	686,088
Term financing										
- House financing	-	6,938,888	-	-	3,707,156	1,478,984	-	-	-	12,125,028
- Syndicated financing	287,191	898	260,465	-	1,978,421	110,216	-	-	-	2,637,191
- Hire purchase receivables	-	-	-	-	-	-	4,004,807	-	-	4,004,807
- Other term financing	2,917,351	1,971,036	10,090,242	-	11,785,762	57,511	-	-	-	26,821,902
Bills receivable	-	-	-	57,210	-	-	-	-	-	57,210
Islamic trust receipts	157,584	-	-	-	-	-	-	-	-	157,584
Claims on customers under acceptance credits	369,264	-	-	58,512	-	-	-	-	-	427,776
Staff financing	2	-	-	-	15,203	-	-	-	-	15,205
Revolving credits	290,905	-	-	-	3,626,798	-	-	-	-	3,917,703
Credit card receivables	-	-	-	-	-	-	-	-	121,558	121,558
Share purchase financing	2,028	-	-	-	-	-	-	-	-	2,028
Other financing	775,135	-	-	-	-	-	-	-	-	775,135
Gross financing, advances and other financing/loans	4,799,460	8,941,158	10,362,479	115,722	21,753,037	1,646,711	4,004,807	4,283	121,558	51,749,215
Fair value changes arising from fair value hedge										110,982
										51,860,197
Less: Allowance for impairment losses										(65,362)
- Individual impairment allowance										(249,588)
- Portfolio impairment allowance										(314,950)
Net financing, advances and other financing/loans										51,545,247

[^] Includes current account in excess

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 Bank

At 31 Mar 2017

At amortised cost	Sale-based contracts		Total RM'000
	Murabahah RM'000	Bai' Bithaman RM'000	
Term financing			
- Syndicated financing	764,160	867	765,027
- Other term financing	2,746,632	-	2,746,632
Islamic trust receipts	112,625	-	112,625
Staff financing	3	-	3
Revolving credits	224,815	-	224,815
Other financing	776,504	-	776,504
Gross financing, advances and other financing/loans	4,624,739	867	4,625,606
Fair value changes arising from fair value hedge			
			4,625,606
Less: Allowance for impairment losses			
- Individual impairment allowance			(12,811)
- Portfolio impairment allowance			(4,973)
			(17,784)
Net financing, advances and other financing/loans			4,607,822

At 31 Dec 2016

At amortised cost	Sale-based contracts		Total RM'000
	Murabahah RM'000	Bai' Bithaman RM'000	
Term financing			
- Syndicated financing	287,191	898	288,089
- Other term financing	2,917,351	-	2,917,351
Islamic trust receipts	124,918	-	124,918
Staff financing	2	-	2
Revolving credits	290,905	-	290,905
Other financing	775,135	-	775,135
Gross financing, advances and other financing/loans	4,395,502	898	4,396,400
Fair value changes arising from fair value hedge			-
			4,396,400
Less: Allowance for impairment losses			
- Individual impairment allowance			(17,300)
- Portfolio impairment allowance			(6,726)
			(24,026)
Net financing, advances and other financing/loans			4,372,374

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 RM3,575,000,000 (2016: RM3,575,000,000) 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

As at 31 March 2017, the gross exposures to RPSIA financing is RM4,134,944,000 (2016: RM3,236,229,000) and the portfolio impairment allowance relating to this RPSIA is RM5,671,000 (2016: RM5,374,000).

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000
As at 1 January	4,283	17,267
New disbursement	2,898	1,740
Repayment	(3,051)	(14,724)
As at 31 March/31 December	4,130	4,283
Sources of Qard fund:		
Depositors' fund	3,869	4,027
Shareholders' fund	261	256
	4,130	4,283
Uses of Qard fund:		
Personal use	491	664
Business purpose	3,639	3,619
	4,130	4,283

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

ii) By geographical distribution

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Malaysia	49,643,652	47,536,925	169,388	184,109
Indonesia	79,820	89,896	79,820	89,896
Singapore	3,150,870	2,885,809	3,150,870	2,885,809
Other countries	1,225,528	1,236,585	1,225,528	1,236,586
	54,099,870	51,749,215	4,625,606	4,396,400

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Malaysia	389,019	466,363	-	-

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
At 1 January	466,363	424,383	-	-
Classified as impaired during the financial period/year	94,661	597,298	-	-
Reclassified as not impaired during the financial period/year	(116,850)	(290,211)	-	-
Amount written back in respect of recoveries	(27,931)	(139,867)	-	-
Amount written off	(27,224)	(125,240)	-	-
Balance as at 31 March/31 December	389,019	466,363	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.72%	0.90%	0.00%	0.00%

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

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Individual impairment allowance				
At 1 January	65,362	46,168	17,300	-
Net allowance made during the financial period/year	(15,266)	18,639	(4,822)	16,745
Exchange fluctuation	333	555	333	555
Balance as at 31 March/31 December	50,429	65,362	12,811	17,300
Portfolio impairment allowance				
At 1 January	249,588	316,310	6,726	2,256
Net allowance made/(written-back) during the financial period/year	27,188	58,756	(1,730)	4,075
Amount written off	(27,541)	(125,314)	-	-
Transfer to conventional operations	-	(596)	-	-
Exchange fluctuation	(16)	432	(23)	395
Balance as at 31 March/31 December	249,219	249,588	4,973	6,726
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.08%	1.09%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,375,563	3,104,346	213,768	176,577
Demand deposit				
Wadiah	10,025,612	9,025,669	279,278	260,864
Qard	158,471	201,919	-	-
Term deposit				
Commodity Murabahah (via Tawarruq arrangement)*	43,590,832	43,348,305	2,191,172	2,700,862
Islamic negotiable instruments				
Mudharabah	35,594	38,031	-	-
Short term money market deposit-i				
Wakalah	21,371	20,415	21,371	20,415
Wadiah	177,294	177,595	177,294	177,595
Other term deposit				
Wadiah	11,511	10,147	11,511	10,147
General investment account				
Mudharabah	3,730	12,260	-	-
Specific investment account				
Mudharabah	154,923	156,357	-	-
Others - Qard	13,836	13,704	-	-
	57,568,737	56,108,748	2,894,394	3,346,460

*included Qard contract of RM246,112,000 (2016: RM554,168,000)

(ii) By maturity structures of term deposits

Due within six months	38,466,848	40,467,228	1,598,570	2,639,610
Six months to less than one year	5,245,988	3,109,429	776,328	255,390
One year to less than three years	119,965	22,549	26,450	14,019
Three years to less than five years	20,759	21,776	-	-
Five years and more	141,695	142,128	-	-
	43,995,255	43,763,110	2,401,348	2,909,019

(iii) By type of customer

Government and statutory bodies	3,738,631	4,019,510	139	118
Business enterprises	20,077,897	19,807,651	1,132,156	1,444,990
Individuals	14,990,797	15,466,732	1,723,189	1,858,029
Others	18,761,412	16,814,855	38,910	43,323
	57,568,737	56,108,748	2,894,394	3,346,460

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2017 RM'000	31 Dec 2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Unrestricted investment accounts - without maturity				
Special Mudharabah Investment Account	255,349	254,408	-	-
	255,349	254,408	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	4,725,505	3,912,011	-	-
By type of counterparty				
Licensed banks	4,725,505	3,912,011	-	-

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,194	2,181	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 31 March 2017 was RM48,000 (31 December 2016: RM62,000) 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.

CIMB Islamic Bank did not issue any new structured investment during the financial period (2016: Nil).

A26. CHANGE IN COMPARATIVES

Certain comparatives were restated to adjust the principal amount of derivative financial instruments. There was no impact to the financial performance and position for the financial year ended 31 December 2016.

	Note	Group		
		As previously reported	Adjustment	As restated
		RM'000	RM000	RM'000
Derivative financial instruments (Principal Amount)	A21(i)			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		20,993,677	(5,399,710)	15,593,967
<u>Interest rate derivatives</u>				
Interest rate swaps		355,695,031	81,387,949	437,082,980
Hedging derivatives				
Interest rate swaps		30,848,391	(5,390,967)	25,457,424
Commitments and contingencies	A21(ii)	794,583,414	70,597,272	865,180,686
		Bank		
		As previously reported	Adjustment	As restated
		RM'000	RM000	RM'000
Derivative financial instruments (Principal Amount)	A21(i)			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		20,707,509	(5,399,710)	15,307,799
<u>Interest rate derivatives</u>				
Interest rate swaps		259,618,107	81,387,949	341,006,056
Hedging derivatives				
Interest rate swaps		34,685,229	(5,390,967)	29,294,262
Commitments and contingencies	A21(ii)	563,099,015	70,597,272	633,696,287

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a profit before taxation of RM1,391.7 million for the three months period ended 31 March 2017, RM288.7 million or 26.2% higher as compared to the profit before taxation of RM1,103.0 million registered in the previous corresponding period. Profit after taxation increased by 28.2% to RM1,110.8 million.

Net interest income increased by 7.6% to RM1,694.7 million while income from Islamic Banking operations increased by RM34.4 million to RM407.6 million. Net non-interest income increased by 67.9% to RM794.1 million, mainly due to higher trading income and net fee and commission income.

The above was offset by higher overheads by 9.2% to RM1,367.3 million, higher allowances made for impairment losses on loans, advances and financing by RM17.5 million and lower share of results from associate by RM49.0 million for the three months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank is cautiously optimistic for the rest of 2017 with steady operating income growth, progressively lower loan loss provisions and continued strict cost controls. CIMB Malaysia expects to grow in tandem with more stable economic conditions and improved capital markets, while keeping close watch on asset quality. Prospects for CIMB Singapore will be driven by the regional economic conditions, while a better performance is expected from CIMB Thai from lower loan loss provisions.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	1,106,301	863,149	1,106,301	863,149
Weighted average number of ordinary shares in issue ('000)	5,276,655	5,148,084	5,276,655	5,148,084
Basic earnings per share (expressed in sen per share)	20.97	16.77	20.97	16.77

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	860,681	582,460	860,681	582,460
Weighted average number of ordinary shares in issue ('000)	5,276,655	5,148,084	5,276,655	5,148,084
Basic earnings per share (expressed in sen per share)	16.31	11.31	16.31	11.31

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2017 and 31 March 2016.