

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	The Group		The Company	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and short-term funds		37,584,299	29,318,830	1,245,447	59,573
Reverse repurchase agreements		9,327,804	9,714,112	-	-
Deposits and placements with banks and other financial institutions		3,022,810	1,829,482	15,633	-
Financial assets held for trading	A8	24,083,939	20,680,266	-	-
Derivative financial instruments	A23	10,194,234	11,708,849	-	74
Financial investments available-for-sale	A9	32,574,776	32,767,548	1,033,136	-
Financial investments held-to-maturity	A10	29,310,320	25,759,169	2,038,232	2,002,540
Loans, advances and financing	A11	296,786,094	290,295,664	-	-
Other assets	A12	21,205,821	17,666,142	770	440
Tax recoverable		70,600	70,042	34,164	35,687
Deferred tax assets		334,302	366,653	-	-
Statutory deposits with central banks		7,389,192	7,699,821	-	-
Investment in subsidiaries		-	-	26,983,586	27,400,205
Investment in associates and joint ventures		1,121,587	1,037,448	3,834	3,834
Property, plant and equipment		2,086,582	2,403,016	1,464	1,629
Investment properties		1,120	1,120	441	453
Prepaid lease payments		116,736	125,402	-	-
Goodwill		8,349,412	8,297,486	-	-
Intangible assets		2,036,039	1,820,593	-	-
		485,595,667	461,561,643	31,356,707	29,504,435
Non-current assets held for sale		15,500	15,500	10,925	10,925
TOTAL ASSETS		485,611,167	461,577,143	31,367,632	29,515,360
LIABILITIES AND EQUITY					
Deposits from customers	A13	336,586,396	317,423,581	-	-
Placements from investment accounts	A14	256,514	232,716	-	-
Deposits and placements of banks and other financial institutions	A15	25,447,600	23,691,950	-	-
Repurchase agreements		6,668,867	8,527,463	-	-
Financial liabilities designated at fair value	A16	4,280,770	4,952,771	-	-
Derivative financial instruments	A23	10,782,323	12,139,849	-	-
Bills and acceptances payable		2,890,302	2,328,959	-	-
Other liabilities	A17	16,099,839	13,984,681	2,386	7,196
Recourse obligation on loans and financing sold to Cagamas		4,165,893	1,817,816	-	-
Amount owing to a subsidiary		-	-	24	6
Current tax liabilities		448,807	213,278	-	-
Deferred tax liabilities		107,304	22,260	348	277
Bonds, sukuk and debentures	B7	8,783,997	11,277,176	-	-
Other borrowings	B7	9,081,606	9,037,124	4,196,561	4,672,609
Subordinated obligations	B7	14,456,004	13,694,891	5,073,070	3,992,277
TOTAL LIABILITIES		440,056,222	419,344,515	9,272,389	8,672,365
Ordinary share capital		8,728,860	8,527,272	8,728,860	8,527,272
Reserves		35,097,867	32,524,112	13,366,426	12,315,766
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		43,826,121	41,050,778	22,095,243	20,842,995
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,528,824	981,850	-	-
TOTAL EQUITY		45,554,945	42,232,628	22,095,243	20,842,995
TOTAL EQUITY AND LIABILITIES		485,611,167	461,577,143	31,367,632	29,515,360
COMMITMENTS AND CONTINGENCIES	A24	933,649,936	883,583,439	-	500,000
Net assets per share attributable to owners of the Parent (RM)		5.02	4.81	2.53	2.44

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Note	The Group			
		3rd quarter ended 30 September 2016 RM'000	30 September 2015 RM'000	Nine months ended 30 September 2016 RM'000	30 September 2015 RM'000
Interest income	A18	4,693,249	4,655,852	13,947,432	13,318,980
Interest expense	A19	(2,247,940)	(2,239,783)	(6,766,321)	(6,443,258)
Net interest income		2,445,309	2,416,069	7,181,111	6,875,722
Income from Islamic Banking operations	A28(c)	425,199	386,248	1,276,112	1,152,081
Net non-interest income	A20	1,103,467	1,034,546	3,145,141	3,322,234
		3,973,975	3,836,863	11,602,364	11,350,037
Gain on deemed disposal/disposal of subsidiaries and associates		149,767	3,610	149,767	4,190
Overheads	A21	4,123,742 (2,192,978)	3,840,473 (2,260,509)	11,752,131 (6,420,737)	11,354,227 (7,037,612)
Profit before allowances		1,930,764	1,579,964	5,331,394	4,316,615
Allowance made for impairment losses on loans, advances and financing	A22	(603,256)	(523,719)	(1,657,290)	(1,589,403)
Allowance made for impairment losses on other receivables		(28,821)	(7,118)	(97,591)	(1,620)
Allowance made for commitments and contingencies		-	-	-	(9,383)
Allowance written back/(made) for other impairment losses		46,426	1,690	(2,983)	(731)
		1,345,113	1,050,817	3,573,530	2,715,478
Share of results of joint ventures		449	(3,750)	2,811	(15,921)
Share of results of associates		15,188	27,441	96,149	82,275
Profit before taxation		1,360,750	1,074,508	3,672,490	2,781,832
Taxation	B4	(311,921)	(256,306)	(917,954)	(721,492)
Profit for the financial period		1,048,829	818,202	2,754,536	2,060,340
Profit for the financial period attributable to :					
Owners of the Parent		1,023,175	803,892	2,709,805	2,023,770
Non-controlling interests		25,654	14,310	44,731	36,570
		1,048,829	818,202	2,754,536	2,060,340
Earnings per share (sen):					
- Basic	B9(a)	11.7	9.5	31.4	23.9
- Fully diluted	B9(b)	N/A	N/A	N/A	N/A

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2016

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the financial period	1,048,829	818,202	2,754,536	2,060,340
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	(155)	-	(47,577)	-
- Income tax effects	38	-	11,796	-
- Currency translation difference	(883)	(1,143)	(91)	(1,962)
	(1,000)	(1,143)	(35,872)	(1,962)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	223,310	(742,173)	520,819	(660,709)
- Net gain/(loss) from change in fair value	389,591	(764,762)	813,180	(554,855)
- Realised gain transferred to statement of income on disposal and impairment	(128,586)	(42,462)	(223,857)	(142,905)
- Income tax effects	(34,262)	75,558	(76,503)	45,357
- Currency translation difference	(3,433)	(10,507)	7,999	(8,306)
Net investment hedge	(91,394)	(753,395)	69,245	(1,144,641)
Hedging reserve - cash flow hedge	(71)	(10,060)	23,197	(17,241)
- Net (loss)/gain from change in fair value	(68)	(14,540)	32,205	(23,788)
- Income tax effects	(3)	4,480	(9,008)	6,547
Exchange fluctuation reserve	837,559	1,713,827	168,135	2,218,682
Share of other comprehensive income of associates and joint ventures	2,685	4,128	1,180	4,384
	972,089	212,327	782,576	400,475
Total other comprehensive income for the financial period, net of tax	971,089	211,184	746,704	398,513
Total comprehensive income for the financial period	2,019,918	1,029,386	3,501,240	2,458,853
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,954,094	991,010	3,422,521	2,389,820
Non-controlling interests	65,824	38,376	78,719	69,033
	2,019,918	1,029,386	3,501,240	2,458,853

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Note	The Company			
		3rd quarter ended		Nine months ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Interest income	A18	44,058	5,657	108,915	28,931
Interest expense	A19	(113,742)	(77,075)	(326,018)	(230,592)
Net interest expense		(69,684)	(71,418)	(217,103)	(201,661)
Net non-interest income	A20	751,796	827,806	1,799,582	1,581,187
Overheads	A21	682,112 (1,500)	756,388 (3,453)	1,582,479 (8,446)	1,379,526 (8,771)
Profit before taxation		680,612	752,935	1,574,033	1,370,755
Taxation	B4	(810)	(1,153)	(5,791)	(7,115)
Profit for the financial period		679,802	751,782	1,568,242	1,363,640

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	The Company				
	3rd quarter ended		Nine months ended		
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000	
Profit for the financial period/ Total comprehensive income for the financial period		679,802	751,782	1,568,242	1,363,640

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

CIMB GROUP HOLDINGS BERHAD

(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	← Attributable to owners of the Parent →															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
The Group 30 September 2016																
At 1 January 2016	8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,709,805	2,709,805	-	44,731	2,754,536
Other comprehensive income (net of tax)	-	-	19	-	152,080	-	-	504,011	56,570	36	-	-	712,716	-	33,988	746,704
- financial investments available-for-sales	-	-	-	-	-	-	-	504,011	-	-	-	-	504,011	-	16,808	520,819
- net investment hedge	-	-	-	-	-	-	-	-	69,245	-	-	-	69,245	-	-	69,245
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	23,197	-	-	-	23,197	-	-	23,197
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(35,872)	-	-	-	(35,872)	-	-	(35,872)
- currency translation difference	-	-	19	-	150,900	-	-	-	-	36	-	-	150,955	-	17,180	168,135
- share of other comprehensive income of associate and joint venture	-	-	-	-	1,180	-	-	-	-	-	-	-	1,180	-	-	1,180
Total comprehensive income for the financial period	-	-	19	-	152,080	-	-	504,011	56,570	36	-	2,709,805	3,422,521	-	78,719	3,501,240
Dividend for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(938,000)	(938,000)	-	-	(938,000)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(938,000)	(938,000)	-	-	(938,000)
Dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(205,048)	(205,048)	-	-	(205,048)
- special interim dividend in specie	-	-	-	-	-	-	-	-	-	-	-	(205,048)	(205,048)	-	-	(205,048)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,574)	(3,574)
Transfer to statutory reserve	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	156,738	(156,738)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,174)	(29,174)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(295,926)	(295,926)	-	500,976	205,050
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27	27
Purchase of treasury shares	-	-	-	-	-	-	*	-	-	-	-	-	-	-	-	*
Share-based payment expense	-	-	-	-	-	-	-	-	-	42,331	-	-	42,331	-	-	42,331
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	57,296	(66,052)	-	-	(8,756)	-	-	(8,756)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(56,196)	-	-	-	(56,196)	-	-	(56,196)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	-	-	-	-	-	-	814,417	-	-	814,417
At 30 September 2016	8,728,860	11,017,168	6,510,020	137,104	1,237,338	(563)	(43)	351,445	(1,462,051)	68,300	1,178,421	16,060,122	43,826,121	200,000	1,528,824	45,554,945

* denote RM478

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

The Group 30 September 2015	← Attributable to owners of the Parent →															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2015	8,423,751	9,973,065	5,650,713	137,104	(1,183,616)	(563)	(42)	149,847	(564,090)	119,739	593,795	14,060,733	37,360,436	200,000	830,687	38,391,123
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,023,770	2,023,770	-	36,570	2,060,340
Other comprehensive income/(expense) (net of tax)	-	-	1,122	-	2,173,515	-	-	(650,365)	(1,163,843)	5,621	-	-	366,050	-	32,463	398,513
- financial investments available-for-sales	-	-	-	-	-	-	-	(654,749)	-	-	-	-	(654,749)	-	(5,960)	(660,709)
- net investment hedge	-	-	-	-	-	-	-	-	(1,144,641)	-	-	-	(1,144,641)	-	-	(1,144,641)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(17,240)	-	-	-	(17,240)	-	(1)	(17,241)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(1,962)	-	-	-	(1,962)	-	-	(1,962)
- currency translation difference	-	-	1,122	-	2,173,515	-	-	-	-	5,621	-	-	2,180,258	-	38,424	2,218,682
- share of other comprehensive income of associate and joint ventures	-	-	-	-	-	-	-	4,384	-	-	-	-	4,384	-	-	4,384
Total comprehensive income/(expense) for the financial period	-	-	1,122	-	2,173,515	-	-	(650,365)	(1,163,843)	5,621	-	2,023,770	2,389,820	-	69,033	2,458,853
Dividend for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(421,187)	(421,187)	-	-	(421,187)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,624)	(2,624)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	48,267	-	-	-	-	-	-	-	-	(48,267)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	255,016	(255,016)	-	-	-	-
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,883)	(1,883)	-	14,864	12,981
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187	187
Purchase of treasury shares	-	-	-	-	-	-	(1)	-	-	-	-	(1)	-	-	-	(1)
Share-based payment expense	-	-	-	-	-	-	-	-	-	66,289	-	-	66,289	-	-	66,289
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	86,628	(86,807)	-	-	(179)	-	-	(179)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(54,267)	-	-	-	(54,267)	-	-	(54,267)
Arising from staffs resigned under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(194)	(194)	-	-	(194)
Issuance of shares through dividend reinvestment scheme	66,040	297,843	-	-	-	-	-	-	-	-	-	-	363,883	-	-	363,883
At 30 September 2015	8,489,791	10,270,908	5,700,102	137,104	989,899	(563)	(43)	(500,518)	(1,695,572)	104,842	848,811	15,357,956	39,702,717	200,000	912,147	40,814,864

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CIMB GROUP HOLDINGS BERHAD

(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	← Non-distributable →				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2016	8,527,272	10,404,339	55,982	(43)	-	1,855,445	20,842,995
Profit for the financial period	-	-	-	-	-	1,568,242	1,568,242
Other comprehensive income (net of tax)	-	-	-	-	12,637	-	12,637
- financial investments available-for-sales	-	-	-	-	12,637	-	12,637
Total comprehensive income for the financial period	-	-	-	-	12,637	1,568,242	1,580,879
Second interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	(938,000)	(938,000)
Special interim dividend in specie for the financial year ending 31 December 2016	-	-	-	-	-	(205,048)	(205,048)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	814,417
Purchase of treasury shares	-	-	-	*	-	-	*
At 30 September 2016	8,728,860	11,017,168	55,982	(43)	12,637	2,280,639	22,095,243

* denote RM478

	← Non-distributable →				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2015	8,423,751	9,973,065	55,982	(42)	-	1,241,859	19,694,615
Profit for the financial period	-	-	-	-	-	1,363,640	1,363,640
Total comprehensive income for the financial period	-	-	-	-	-	1,363,640	1,363,640
Second interim dividend for the financial year ended 31 December 2014	-	-	-	-	-	(421,187)	(421,187)
Issuance of shares through dividend reinvestment scheme	66,040	297,843	-	-	-	-	363,883
Purchase of treasury shares	-	-	-	(1)	-	-	(1)
At 30 September 2015	8,489,791	10,270,908	55,982	(43)	-	2,184,312	21,000,950

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	The Group		The Company	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	3,672,490	2,781,832	1,574,033	1,370,755
Adjustments for non-operating and non-cash items	1,449,065	1,473,863	334,219	(1,508,068)
Operating profit/(loss) before changes in working capital	5,121,555	4,255,695	1,908,252	(137,313)
Net changes in operating assets	(15,107,343)	(44,375,860)	(15,964)	(364,788)
Net changes in operating liabilities	21,879,693	41,883,098	46,708	54,194
	6,772,351	(2,492,762)	30,744	(310,594)
Cash flows generated from/(used in) operations	11,893,906	1,762,933	1,938,996	(447,907)
Taxation paid	(565,588)	(621,294)	(4,196)	(7,084)
Net cash flows generated from/(used in) operating activities	11,328,318	1,141,639	1,934,799	(454,991)
Net cash flows used in investing activities	(2,809,466)	(12,354,294)	(1,009,932)	(173,219)
Net cash flows (used in)/generated from financing activities	(9,570)	1,169,461	261,007	(285,324)
Net increase/(decrease) in cash and cash equivalents during the financial period	8,509,281	(10,043,194)	1,185,874	(913,534)
Effects of exchange rate changes	(243,812)	4,764,168	-	-
Cash and short-term funds at beginning of the financial period	29,318,830	33,462,817	59,573	1,864,074
Cash and short-term funds at end of the financial period	37,584,299	28,183,791	1,245,447	950,540
Statutory deposits with Bank Indonesia*	(4,119,840)	(4,641,038)	-	-
Monies held in trust	(28,241)	(30,750)	-	-
Cash and cash equivalents at end of the financial period	33,436,218	23,512,003	1,245,447	950,540

* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

- Amendment to MFRS 11, “Joint Arrangements”
- Amendments to MFRS 10, 12 & 128 “Investment entities – Applying the consolidation exception”
- Amendment to MFRS 116, “Property, Plant and Equipment” and MFRS 138 “Intangible Assets”
- Amendment to MFRS 127, “Separate Financial Statements”
- Annual improvement to MFRSs 2012 - 2014 Cycle:
 - Amendment to MFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”
 - Amendment to MFRS 7, “Financial Instruments: Disclosure – Servicing contracts”
 - Amendment to MFRS 7, “Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements”
 - Amendment to MFRS 119, “Employee Benefits”
 - Amendments to MFRS 134, “Interim Financial Reporting”
- Amendment to MFRS 101, “Presentation of financial statements”

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

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 Company'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.

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

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2016:-

(a) On 25 February 2016, the Company announced that it will seek its shareholders' approval at its 59th Annual General Meeting (“AGM”) to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 18 April 2016.

From 1 January 2016 to 30 September 2016, the Company purchased 100 units of its own shares from the open market at an average market price of RM4.34 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM478. The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (Continued)

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2015 and the corresponding DRS was fixed for 28 March 2016. The Group had, on 25 April 2016, issued and allotted 201,588,194 new ordinary shares of RM1.00 each in New CIMB Shares. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Tuesday, 26 April 2016. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 8,728,860,432 shares.

The entitlement date pursuant to Single Tier First Interim Dividend for financial year ending 31 December 2016 and the corresponding DRS was fixed for 29 September 2016. The Group had, on 28 October 2016, issued and allotted 139,523,744 new ordinary shares of RM1.00 each in New CIMB Shares. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Monday, 31 October 2016. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 8,868,384,176 shares.

(c) CIMB Bank Berhad has redeemed its HKD430 million, HKD350 million, USD20 million and HKD775 million senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011 in January, March, April and August 2016 respectively.

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

(e) CIMB Niaga Auto Finance has redeemed its IDR200,000 million and IDR400,000 million monetary term notes on 15 February 2016 and 16 April 2016 respectively.

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

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

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

(i) On 11 July 2016, CIMB Thai Bank issued RM570 million 10-years non callable 5 years Basel 3 compliant Tier 2 subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months. The RM570 million Notes will mature on 10 July 2026. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai Bank has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB 5,016,199,500) as Tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

(j) On 14 July 2016, CIMB Thai Bank exercised its option to early redeem all unsecured subordinated notes amounting to Baht 3,000 million, maturing on 14 July 2021, which CIMB Thai Bank was able to early redeem (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 23/2559 The approval of redemption of subordinated notes.

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

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

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

(n) On 12 August 2016, Ziya Capital Bhd ("Ziya"), a special purpose vehicle consolidated by CIMB Islamic Bank issued RM630 million Sukuk.

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

A4. DIVIDENDS PAID AND PROPOSED

A single-tier second interim dividend of 11.00 sen per ordinary share, on 8,527,267,430 ordinary shares amounting to RM 937,999,417 in respect of the financial year ended 31 December 2015 was approved by the Board of Directors on 29 January 2016. The dividend consists of an electable portion of 11.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM 123,583,114 was paid on 25 April 2016.

The Directors have proposed a special interim dividend-in-specie on 15 June 2016, which involves the distribution of 1,366,988,057 existing CIMB Niaga Class B shares, representing approximately 5.44% equity interest in CIMB Niaga, to the shareholders of the Company on a ratio of 1 CIMB Niaga share for approximately every 6.39 CIMB shares. On 27 July 2016, the Group announced a proposed monetisation option which provides entitled shareholders the option to receive cash instead of the Dividend shares.

A single-tier first interim dividend of 8.00 sen per ordinary share, on 8,728,855,524 ordinary shares amounting to RM698,308,442 in respect of the financial year ending 31 December 2016 was approved by the Board of Directors on 8 August 2016. The dividend consists of an electable portion of 8.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM99,751,580 was paid on 28 October 2016.

No dividend has been proposed during the financial period ended 30 September 2016.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 23 March 2016, the Group, through its subsidiaries, has entered into a Conditional Sale and Purchase of Agreement to divest its 51% stake in PT CIMB Sun Life (“CIMB Sun Life”), an Indonesian life insurance company, for a total cash consideration of IDR550 billion (equivalent to approximately MYR169 million). The Group’s 51% equity interest in CIMB Sun Life is held via CIG Berhad (47.24%) and PT Bank CIMB Niaga Tbk (“CIMB Niaga”) (3.76%). The divestment will take the form of a sale of shares held by CIMB Group, which will be acquired directly and indirectly by Sun Life Assurance Company of Canada (“Sun Life”). The disposal is completed on 1 July 2016.

(b) On 27 July 2016, The Group has entered into a Memorandum of Understanding with Fajr Capital to establish a strategic partnership. In addition, CIMB Middle East BSC (“CME”), an indirect wholly-owned subsidiary of the Group based in Bahrain has on 26 July 2016 sought Central Bank of Bahrain’s approval to close its business. The closure has been approved at CME’s Extraordinary General Meeting on 24 July 2016.

(c) On 17 October 2016, the Group announced that CIMB Group Sdn Bhd (“CIMBG”), a wholly-owned subsidiary of the Company, has signed a Heads of Terms with China Galaxy International Financial Holdings Limited (“CGI”), a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. (“CGS”), with respect to a potential strategic partnership in the cash equities business comprising institutional and retail brokerage, equities research and associated securities businesses in the region.

A6. EVENTS DURING THE REPORTING PERIOD

There is no significant events that had during the current reporting period, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 September 2016 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES

A8. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	458,156	634,713
Cagamas bonds	91,652	45,925
Malaysian Government treasury bills	3,239	47,739
Bank Negara Malaysia Monetary Notes	-	20,914
Negotiable instruments of deposit	4,537,944	4,747,035
Other Government securities	2,596,485	734,310
Other Government treasury bills	7,412,876	4,937,468
Commercial papers	239,375	506,398
Government Investment Issues	170,219	437,313
	15,509,946	12,111,815
Quoted securities:		
<i>In Malaysia:</i>		
Shares	518,203	207,898
<i>Outside Malaysia:</i>		
Shares	745,645	278,632
Corporate bond and Sukuk	587,113	727,498
Other Government bonds	1,427,292	1,677,774
Investment linked funds	78,587	546,519
	3,356,840	3,438,321
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bond and Sukuk	2,102,750	1,761,728
Shares	1	1
<i>Outside Malaysia:</i>		
Corporate bond and Sukuk	2,954,136	3,211,017
Private equity funds	160,266	157,384
	5,217,153	5,130,130
Total financial assets held for trading	24,083,939	20,680,266

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	235,500	457,708	-	-
Cagamas bonds	124,164	207,300	-	-
Khazanah bonds	169,739	328,709	-	-
Other Government securities	656,501	975,949	-	-
Government Investment Issues	64,281	496,811	-	-
Commercial papers	164,263	-	-	-
Negotiable instruments of deposit	403,419	258,112	-	-
Malaysian Government Sukuk	28,587	44,168	-	-
	1,846,454	2,768,757	-	-
Quoted securities:				
<i>In Malaysia:</i>				
Shares	183,043	158,983	-	-
<i>Outside Malaysia:</i>				
Shares	88,540	82,235	-	-
Corporate bond and Sukuk	2,418,515	2,456,271	-	-
Other Government bonds	6,450,871	5,218,530	-	-
Unit trusts	24,559	24,862	-	-
	9,165,528	7,940,881	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	13,531,711	13,944,324	1,033,136	-
Shares	1,107,484	1,113,614	-	-
Loan stocks	10,087	10,211	-	-
Property funds	347	325	-	-
<i>Outside Malaysia:</i>				
Shares	53,207	55,384	-	-
Private equity funds and unit trust funds	557,273	488,326	-	-
Corporate bond and Sukuk	6,727,081	6,907,509	-	-
Loan stocks	844	1,930	-	-
	21,988,034	22,521,623	1,033,136	-
	33,000,016	33,231,261	1,033,136	-
Allowance for impairment losses:				
Corporate bond	(30,487)	(60,306)	-	-
Private equity funds	(80,309)	(84,006)	-	-
Quoted shares	(69,282)	(69,283)	-	-
Quoted bonds	(64,233)	(64,877)	-	-
Unquoted shares	(170,495)	(174,683)	-	-
Unit trusts	(347)	(347)	-	-
Loan stocks	(10,087)	(10,211)	-	-
	(425,240)	(463,713)	-	-
Total financial investments available-for-sale	32,574,776	32,767,548	1,033,136	-

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	1,743,205	1,674,626	-	-
Cagamas bonds	263,435	267,966	-	-
Other Government securities	806,165	1,419,211	-	-
Other Government treasury bills	19,613	19,699	-	-
Bank Negara Malaysia Monetary Notes	5,055	2,558	-	-
Khazanah bonds	447,453	391,667	-	-
Government Investment Issues	6,499,481	6,062,711	-	-
	9,784,407	9,838,438	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond	2,956,066	2,909,060	-	-
Islamic bonds	7,967	7,797	-	-
Other Government bonds	2,180,295	1,531,991	-	-
Bank Indonesia certificates	214,845	248,058	-	-
	5,359,173	4,696,906	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond	13,487,707	10,526,121	2,038,232	2,002,540
Loan stocks	7,020	7,020	-	-
<i>Outside Malaysia</i>				
Corporate bond	690,192	726,407	-	-
	14,184,919	11,259,548	2,038,232	2,002,540
	29,328,499	25,794,892	2,038,232	2,002,540
Amortisation of premium, net of accretion of discount	(5,518)	(23,150)	-	-
Less : Allowance for impairment losses	(12,661)	(12,573)	-	-
Total financial investments held-to-maturity	29,310,320	25,759,169	2,038,232	2,002,540

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Overdrafts	5,227,081	5,504,852
Term loans/financing		
- Housing loans/financing	78,649,734	73,580,261
- Syndicated term loans	17,057,938	17,030,250
- Hire purchase receivables	19,958,784	20,443,916
- Lease receivables	160,612	166,884
- Factoring receivables	33,983	48,114
- Other term loans/financing	113,757,958	112,553,750
Bills receivable	6,687,411	6,463,208
Trust receipts	1,558,408	2,008,748
Claims on customers under acceptance credits	4,339,677	4,498,597
Staff loans *	1,229,073	1,094,875
Credit card receivables	9,254,272	8,842,990
Revolving credits	45,081,317	43,930,344
Share margin financing	1,453,873	1,652,830
Other loans	2,957	2,525
Gross loans, advances and financing	304,453,078	297,822,144
Fair value changes arising from fair value hedge	204,367	164,694
	304,657,445	297,986,838
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,239,768)	(4,256,108)
- Portfolio impairment allowance	(3,631,583)	(3,435,066)
	(7,871,351)	(7,691,174)
Total net loans, advances and financing	296,786,094	290,295,664

* Included in staff loans of the Group are loans to Directors amounting to RM34,202,254 (2015: RM19,853,473).

(a) Included in the Group's loans, advances and financing balances are RM46 million (2015: RM47 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM4,658 million (2015: RM4,880 million), using interest rate swaps.

A11. LOANS, ADVANCES AND FINANCING (Continued)
(ii) By type of customers

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	46,235	383,801
Domestic non-bank financial institutions		
- stockbroking companies	11	-
- others	3,125,443	3,100,402
Domestic business enterprises		
- small medium enterprises	47,236,779	45,847,011
- others	54,892,255	55,572,380
Government and statutory bodies	9,928,836	8,852,539
Individuals	149,016,649	142,293,811
Other domestic entities	3,525,508	3,223,190
Foreign entities	36,681,362	38,549,010
Gross loans, advances and financing	304,453,078	297,822,144

(iii) By interest/profit rate sensitivity

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Fixed rate		
- Housing loans/financing	2,719,613	2,153,840
- Hire-purchase receivables	10,809,861	10,497,253
- Other fixed rate loans	40,793,660	41,669,712
Variable rate		
- BLR plus	144,589,671	145,038,101
- Cost plus	37,290,512	36,282,400
- Other variable rates	68,249,761	62,180,838
Gross loans, advances and financing	304,453,078	297,822,144

(iv) By economic purpose

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Personal use	11,657,206	10,608,443
Credit card	9,254,272	8,842,990
Purchase of consumer durables	106,194	109,330
Construction	10,380,766	9,327,917
Residential property (Housing)	81,242,140	76,837,715
Non-residential property	24,994,398	24,525,498
Purchase of fixed assets other than land and building	15,649,308	15,919,886
Mergers and acquisitions	3,601,955	3,617,161
Purchase of securities	25,089,401	27,168,120
Purchase of transport vehicles	23,010,720	23,296,590
Working capital	79,923,092	78,972,667
Other purposes	19,543,626	18,595,827
Gross loans, advances and financing	304,453,078	297,822,144

A11. LOANS, ADVANCES AND FINANCING (Continued)**(v) By geographical distribution**

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Malaysia	174,108,943	166,409,058
Indonesia	60,213,004	59,956,700
Thailand	27,582,879	28,996,518
Singapore	28,450,340	29,434,533
United Kingdom	3,459,545	2,686,317
Hong Kong	1,948,345	1,210,542
China	2,123,577	2,327,067
Other countries	6,566,445	6,801,409
Gross loans, advances and financing	304,453,078	297,822,144

(vi) By residual contractual maturity

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Within one year	66,968,898	68,475,753
One year to less than three years	37,697,847	36,627,785
Three years to less than five years	33,479,121	35,403,399
Five years and more	166,307,212	157,315,207
Gross loans, advances and financing	304,453,078	297,822,144

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

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Personal use	299,966	265,698
Credit card	206,354	168,730
Purchase of consumer durables	279	228
Construction	1,290,252	1,335,050
Residential property (Housing)	1,548,940	1,436,177
Non-residential property	264,573	214,972
Purchase of fixed assets other than land and building	1,195,225	911,108
Purchase of securities	177,877	186,946
Purchase of transport vehicles	366,029	393,839
Working capital	3,650,201	3,450,245
Other purpose	769,781	718,766
Gross impaired loans, advances and financing	9,769,477	9,081,759

(viii) Impaired loans, advances and financing by geographical distribution

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Malaysia	3,924,460	3,735,122
Indonesia	3,826,206	3,750,452
Thailand	1,649,334	1,352,567
Singapore	237,760	112,545
United Kingdom	4,469	2,838
China	61,906	64,860
Other countries	65,342	63,375
Gross impaired loans, advances and financing	9,769,477	9,081,759

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	9,081,759	8,182,689
Classified as impaired during the period/year	4,724,545	5,188,677
Reclassified as not impaired during the period/year	(1,769,435)	(1,789,331)
Amount written back in respect of recoveries	(698,451)	(1,086,947)
Amount written off	(1,710,746)	(1,479,247)
Sale of impaired loans	-	(337,401)
Exchange fluctuation	141,805	403,319
At 30 September/31 December	9,769,477	9,081,759
Ratio of gross impaired loans to gross loans, advances and financing	3.21%	3.05%

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

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
<u>Individual impairment allowance</u>		
At 1 January	4,256,108	3,591,249
Net allowance made during the period/year	880,752	1,053,963
Amount written off	(854,471)	(664,920)
Amount transferred to portfolio impairment allowance	(138)	(6,876)
Allowance for Impaired loan disposed to third party	-	(42,825)
Unwinding income	(2,042)	6,384
Exchange fluctuation	(40,441)	319,133
At 30 September/31 December	4,239,768	4,256,108
<u>Portfolio impairment allowance</u>		
At 1 January	3,435,066	3,174,060
Net allowance made during the period/year	1,024,785	1,411,219
Amount transferred from individual impairment allowance	138	6,876
Amount written off	(844,223)	(1,128,204)
Unwinding income	(39,723)	(40,662)
Allowance for Impaired loan disposed to third party	-	(85,802)
Exchange fluctuation	55,540	97,579
At 30 September/31 December	3,631,583	3,435,066
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	1.65%	1.56%

A12. OTHER ASSETS

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Due from brokers and clients net of allowance for doubtful debts	5,774,339	3,709,795	-	-
Other debtors, deposits and prepayments, net of allowance for doubtful debts	6,381,054	4,184,508	770	440
Due from a joint venture	1,206,180	1,237,928	-	-
Due from insurers, brokers and reinsurers	-	3,556	-	-
Structured financing	2,305,594	2,279,166	-	-
Foreclosed properties net of allowance for impairment losses	291,719	404,142	-	-
Collateral for securities lending	1,253,184	463,326	-	-
Collateral pledged for derivative transactions	3,993,751	5,383,721	-	-
	21,205,821	17,666,142	770	440

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
<u>By type of deposit</u>		
Demand deposits	68,623,420	67,912,293
Savings deposits	46,900,088	41,260,084
Fixed deposits	150,638,931	144,893,890
Negotiable instruments of deposit	1,357,404	1,596,448
Others	69,066,553	61,760,866
	336,586,396	317,423,581

By type of customer

Government and statutory bodies	13,275,084	9,359,302
Business enterprises	126,292,664	123,960,968
Individuals	143,385,476	127,373,004
Others	53,633,172	56,730,307
	336,586,396	317,423,581

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

Due within six months	132,424,841	118,232,932
Six months to less than one year	17,515,649	24,158,631
One year to less than three years	1,549,329	2,525,301
Three years to less than five years	501,046	1,002,774
Five years and more	5,470	570,700
	151,996,335	146,490,338

A14. PLACEMENTS FROM INVESTMENT ACCOUNTS

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Unrestricted investment accounts	256,514	232,716

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Licensed banks	20,765,565	17,814,252
Licensed finance companies	1,491,390	1,246,197
Licensed investment banks	128,732	720,097
Bank Negara Malaysia	414,632	165,547
Other financial institutions	2,647,281	3,745,857
	25,447,600	23,691,950

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

Due within six months	22,512,130	18,469,624
Six months to less than one year	2,439,062	3,909,385
One year to less than three years	58,164	918,419
Three years to less than five years	155,597	102,585
Five years and more	282,647	291,937
	25,447,600	23,691,950

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Deposits from customers - structured investments	2,035,456	3,047,985
Bills payables	660,669	924,583
Debentures	1,584,645	980,203
	4,280,770	4,952,771

The Group has issued structured investments, bills payable and debentures, 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 Group at 30 September 2016 of financial liabilities designated at fair value were RM303,421,000 (2015: RM567,569,000) lower than the contractual amount at maturity for the structured investments, RM1,145,000 (2015: RM18,606,000) lower than the contractual amount at maturity for the debentures and RM304,034,000 (2015: RM131,549,000) higher than the contractual amount at maturity for the bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A17. OTHER LIABILITIES

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Due to brokers and clients	5,405,826	3,219,671	-	-
Expenditure payable	1,978,490	2,024,324	1,482	6,702
Provision for legal claims	62,099	62,133	-	-
Sundry creditors	3,049,215	1,704,889	411	1
Insurance fund - life and takaful insurance business	-	70,249	-	-
Allowance for commitments and contingencies	9,233	9,219	-	-
Post employment benefit obligations	469,544	468,081	-	-
Credit card expenditure payable	185,480	172,033	-	-
Collateral received for derivative transactions	2,307,054	3,161,566	-	-
Unit link contract liabilities	-	512,039	-	-
Collateral for securities borrowings	1,297,854	669,469	-	-
Others	1,335,044	1,911,008	493	493
	16,099,839	13,984,681	2,386	7,196

A18. INTEREST INCOME

	3rd quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
The Group				
Loans, advances and financing				
- Interest income	3,816,352	3,785,125	11,328,093	10,845,808
- Unwinding income [^]	28,607	21,243	75,986	50,678
Money at call and deposit placements with financial institutions	125,460	115,151	394,705	368,140
Reverse repurchase agreements	50,262	37,159	138,309	109,621
Financial assets held for trading	107,577	133,026	332,567	345,188
Financial investments available-for-sale	310,017	373,139	921,020	1,044,796
Financial investments held-to-maturity	262,503	198,336	769,476	568,854
Others	9,721	7,340	22,607	19,799
	4,710,499	4,670,519	13,982,763	13,352,884
Accretion of discounts, net of amortisation of premiums	(17,250)	(14,667)	(35,331)	(33,904)
	4,693,249	4,655,852	13,947,432	13,318,980
The Company				
Money at call and deposit placements with financial institutions	3,464	5,657	11,083	28,931
Financial investments available-for-sale	14,620	-	20,499	-
Financial investments held-to-maturity	25,974	-	77,333	-
	44,058	5,657	108,915	28,931

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

A19. INTEREST EXPENSE

	3rd quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
The Group				
Deposits and placements of banks and other financial institutions	70,241	116,175	188,433	319,253
Deposits from other customers	1,653,592	1,635,638	4,989,440	4,729,398
Repurchase agreements	44,123	51,370	164,977	119,082
Bonds and debentures	70,370	87,466	219,282	231,988
Subordinated obligations	236,994	163,315	668,259	481,123
Financial liabilities designated at fair value	28,485	33,324	96,020	88,695
Negotiable certificates of deposits	59,238	39,808	169,754	140,185
Other borrowings	50,709	91,549	177,180	273,752
Recourse obligation on loan and financing sold to Cagamas	28,439	-	79,834	-
Others	5,749	21,138	13,142	59,782
	2,247,940	2,239,783	6,766,321	6,443,258
The Company				
Subordinated obligations	75,576	34,996	202,044	105,849
Other borrowings	38,166	42,079	123,974	124,743
	113,742	77,075	326,018	230,592

A20. NET NON-INTEREST INCOME

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	227,047	196,936	636,444	565,369
Fee on loans, advances and financing	132,424	135,092	369,841	443,697
Portfolio management fees	5,539	6,185	17,217	16,817
Service charges and fees	165,726	157,880	495,177	489,628
Corporate advisory fees	9,465	11,931	36,030	74,715
Guarantee fees	15,695	21,602	44,654	52,405
Other fee income	69,981	87,133	185,359	242,552
Placement fees	1,341	6,535	15,052	16,964
Underwriting commission	455	3,744	7,637	21,527
Fee and commission income	627,673	627,038	1,807,411	1,923,674
Fee and commission expense	(175,694)	(148,954)	(437,332)	(425,970)
Net fee and commission income	451,979	478,084	1,370,079	1,497,704
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	25,576	20,667	33,861	44,198
- Financial investments available-for-sale	7,034	3,810	13,633	9,209
<i>Outside Malaysia</i>				
- Financial assets held for trading	1,974	532	2,963	5,033
- Financial investments available-for-sale	135	1,765	1,263	5,337
	34,719	26,774	51,720	63,777
(c) Net gain/(loss) arising from financial assets held for trading	57,503	(441,416)	240,927	(738,482)
- realised ^	(48,355)	(159,713)	(96,703)	(155,225)
- unrealised	105,858	(281,703)	337,630	(583,257)
(d) Net gain/(loss) arising from derivative financial instruments	295,194	1,149,601	822,814	1,845,770
- realised	448,330	1,036,081	1,030,022	299,004
- unrealised	(153,136)	113,520	(207,208)	1,546,766
(e) Net (loss)/gain arising from financial liability designated at fair value	(21,661)	167,954	(404,716)	69,645
- realised	(3,160)	(5,270)	(6,600)	(18,192)
- unrealised	(18,501)	173,224	(398,116)	87,837
(f) Net (loss)/gain arising from hedging activities	(43,453)	5,206	(84,262)	35,689
(g) Net gain from sale of financial investments available-for-sale	124,024	42,441	215,263	142,518
(h) Net (loss)/gain from redemption of financial investment held-to-maturity	-	-	(6)	16
(i) Income from assets management and securities services	82,934	70,611	227,052	237,879
(j) Brokerage income	99,539	100,169	269,508	342,581
(k) Other non-interest income:				
Foreign exchange (loss)/gain	(27,463)	(616,309)	242,118	(360,354)
Rental income	11,220	6,991	23,305	16,678
(Loss)/Gain on disposal of property, plant and equipment/ assets held for sale	(380)	157	2,169	1,019
Underwriting surplus before management expenses	-	4,939	6,020	12,326
Loss on disposal of foreclosed properties	(2,151)	(7,570)	(11,064)	(15,735)
Other non-operating income	41,463	46,914	174,214	171,203
	22,689	(564,878)	436,762	(174,863)
Total other operating income	1,103,467	1,034,546	3,145,141	3,322,234

^ includes loss on early termination of unconsolidated structured entity of RM230,671,000 (2015: Nil)

A20. NET NON-INTEREST INCOME (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The Company				
(b) Gross dividend income from :				
<u>In Malaysia</u>				
- Subsidiaries	934,870	828,511	1,982,412	1,581,503
	934,870	828,511	1,982,412	1,581,503
(d) Net gain/(loss) arising from derivative financial instruments				
- realised	-	-	75	199
- unrealised	-	(654)	(74)	(486)
	-	(654)	1	(287)
(k) Other non-interest income:				
Foreign exchange (loss)/gain	(12)	(172)	89	(292)
Rental income	71	71	213	213
Gain on disposal of property, plant and equipment	-	50	-	50
Loss on redemption of redeemable preference shares	(183,133)	-	(183,133)	-
	(183,074)	(51)	(182,831)	(29)
	751,796	827,806	1,799,582	1,581,187

A21. OVERHEADS

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	985,678	967,510	2,854,596	2,913,544
- Pension cost	89,933	89,544	276,318	273,515
- Mutual separation scheme	-	134,046	-	450,407
- Overtime	7,052	6,299	23,259	20,917
- Staff incentives and other staff payments	66,388	53,293	200,072	173,901
- Medical expenses	23,643	24,935	79,779	76,505
- Others	50,681	16,015	149,049	219,067
	1,223,375	1,291,642	3,583,073	4,127,856
Establishment costs				
- Depreciation of property, plant and equipment	82,419	89,513	246,703	262,402
- Amortisation of prepaid lease payments	2,843	2,836	8,473	8,319
- Rental	128,013	140,120	372,212	449,613
- Repair and maintenance	115,831	119,123	374,775	362,461
- Outsourced services	66,034	78,333	195,356	226,271
- Security expenses	30,694	31,563	92,405	94,349
- Others	52,287	57,257	152,797	157,912
	478,121	518,745	1,442,721	1,561,327
Marketing expenses				
- Sales commission	1,203	1,579	5,832	4,639
- Advertisement	77,114	68,318	176,405	199,964
- Others	16,098	19,994	55,664	66,177
	94,415	89,891	237,901	270,780
Administration and general expenses				
- Amortisation of intangible assets	87,447	77,188	255,818	232,543
- Legal and professional fees	52,973	59,156	121,993	144,449
- Stationery	14,290	15,001	44,554	43,495
- Communication	25,941	15,468	83,975	82,984
- Incidental expenses on banking operations	12,890	12,683	36,292	32,526
- Insurance	68,599	65,881	205,900	194,570
- Others	134,927	114,854	408,510	347,082
	397,067	360,231	1,157,042	1,077,649
	2,192,978	2,260,509	6,420,737	7,037,612

A21. OVERHEADS (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	8	-	3,509	6
- Others	1	-	1	-
	9	-	3,510	6
Establishment costs				
- Depreciation of property, plant and equipment	55	346	165	456
- Depreciation of investment properties	5	5	14	14
- Repair and maintenance	6	28	18	68
- Others	12	65	69	172
	78	444	266	710
Marketing expenses				
- Advertisement	-	-	-	11
- Others	-	1	3	3
	-	1	3	14
Administration and general expenses				
- Legal and professional fees	1,412	1,349	3,250	2,901
- Communication	2	-	2	-
- Others	(1)	1,659	1,415	5,140
	1,413	3,008	4,667	8,041
	1,500	3,453	8,446	8,771

A22. ALLOWANCE MADE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	340,693	201,174	880,752	778,075
- Portfolio impairment allowance	342,911	403,933	1,024,785	1,049,095
Impaired loans, advances and financing:				
- recovered	(82,628)	(96,516)	(260,161)	(284,091)
- written off	2,280	15,128	11,914	46,324
	603,256	523,719	1,657,290	1,589,403

A23. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding 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.

At 30 September 2016	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	28,335,491	295,466	(816,458)	-	-	-
- Less than 1 year	24,819,683	245,268	(341,973)	-	-	-
- 1 year to 3 years	2,466,786	43,328	(222,058)	-	-	-
- More than 3 years	1,049,022	6,870	(252,427)	-	-	-
Currency swaps	175,526,375	1,189,232	(1,054,134)	-	-	-
- Less than 1 year	174,126,294	1,144,510	(1,016,115)	-	-	-
- 1 year to 3 years	818,849	44,398	(27,056)	-	-	-
- More than 3 years	581,232	324	(10,963)	-	-	-
Currency spot	5,818,483	12,106	(6,449)	-	-	-
- Less than 1 year	5,818,483	12,106	(6,449)	-	-	-
Currency options	8,186,605	356,743	(377,351)	-	-	-
- Less than 1 year	2,916,870	122,686	(161,896)	-	-	-
- 1 year to 3 years	2,022,684	32,203	(32,232)	-	-	-
- More than 3 years	3,247,051	201,854	(183,223)	-	-	-
Cross currency interest rate swaps	65,117,319	3,669,104	(3,616,329)	-	-	-
- Less than 1 year	17,887,737	728,257	(617,376)	-	-	-
- 1 year to 3 years	21,035,585	1,226,962	(1,617,694)	-	-	-
- More than 3 years	26,193,997	1,713,885	(1,381,259)	-	-	-
	282,984,273	5,522,651	(5,870,721)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	477,066,913	3,390,819	(2,685,805)	-	-	-
- Less than 1 year	190,827,433	159,144	(146,563)	-	-	-
- 1 year to 3 years	142,691,736	906,767	(722,696)	-	-	-
- More than 3 years	143,547,744	2,324,908	(1,816,546)	-	-	-
Interest rate futures	6,902,547	1,746	(15,922)	-	-	-
- Less than 1 year	4,558,757	1,746	(12,285)	-	-	-
- 1 year to 3 years	1,907,687	-	(3,637)	-	-	-
- More than 3 years	436,103	-	-	-	-	-
Interest rate options	60,685	13	(13)	-	-	-
- Less than 1 year	60,685	13	(13)	-	-	-
	484,030,145	3,392,578	(2,701,740)	-	-	-
<u>Equity related derivatives</u>						
Equity futures	507,780	10,504	(3,732)	-	-	-
- Less than 1 year	507,780	10,504	(3,732)	-	-	-
Equity options	10,228,099	187,626	(435,565)	-	-	-
- Less than 1 year	3,374,827	72,473	(401,143)	-	-	-
- 1 year to 3 years	6,162,375	102,657	(21,932)	-	-	-
- More than 3 years	690,897	12,496	(12,490)	-	-	-
Equity swaps	632,979	19,546	(1,217)	-	-	-
- Less than 1 year	61,258	18,110	-	-	-	-
- More than 3 years	571,721	1,436	(1,217)	-	-	-
	11,368,858	217,676	(440,514)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 September 2016	The Group			The Company		
	Principal amount RM'000	Fair values		Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	2,923,428	224,928	(268,897)	-	-	-
- Less than 1 year	2,504,245	190,182	(188,069)	-	-	-
- 1 year to 3 years	419,183	34,746	(80,828)	-	-	-
Commodity futures	3,506,015	107,627	(69,493)	-	-	-
- Less than 1 year	2,124,512	58,161	(50,112)	-	-	-
- 1 year to 3 years	1,381,503	49,466	(19,381)	-	-	-
Commodity options	4,824,114	300,483	(261,831)	-	-	-
- Less than 1 year	3,742,453	258,469	(215,755)	-	-	-
- 1 year to 3 years	1,081,661	42,014	(46,076)	-	-	-
	11,253,557	633,038	(600,221)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	7,532,755	49,972	(77,874)	-	-	-
- Less than 1 year	1,746,640	8,882	(14,699)	-	-	-
- 1 year to 3 years	1,071,257	19,886	(10,566)	-	-	-
- More than 3 years	4,714,858	21,204	(52,609)	-	-	-
Total return swaps	958,963	22,424	(34,204)	-	-	-
- Less than 1 year	725,113	-	(9,477)	-	-	-
- More than 3 years	233,850	22,424	(24,727)	-	-	-
	8,491,718	72,396	(112,078)	-	-	-
Bond contract						
Bond Forward	269,019	2,998	(2,044)	-	-	-
- Less than 1 year	143,191	2,998	-	-	-	-
- More than 3 years	125,828	-	(2,044)	-	-	-
Hedging derivatives						
Interest rate swaps	27,554,590	272,629	(739,643)	-	-	-
- Less than 1 year	4,560,811	10,818	(4,528)	-	-	-
- 1 year to 3 years	6,705,533	42,017	(119,330)	-	-	-
- More than 3 years	16,288,246	219,794	(615,785)	-	-	-
Currency swaps	4,513,111	16,581	(62,681)	-	-	-
- Less than 1 year	4,513,111	16,581	(62,681)	-	-	-
Cross currency interest rate swaps	4,686,177	63,687	(252,635)	-	-	-
- Less than 1 year	1,250,303	34,122	(48,782)	-	-	-
- 1 year to 3 years	1,779,343	22,880	(173,780)	-	-	-
- More than 3 years	1,656,531	6,685	(30,073)	-	-	-
	36,780,594	352,897	(1,055,005)	-	-	-
Total derivative assets/(liabilities)	835,178,164	10,194,234	(10,782,323)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2015	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	22,598,973	513,526	(1,028,858)	-	-	-
- Less than 1 year	18,382,140	394,157	(357,914)	-	-	-
- 1 year to 3 years	3,211,696	119,338	(327,348)	-	-	-
- More than 3 years	1,005,137	31	(343,596)	-	-	-
Currency swaps	169,278,538	2,549,979	(1,954,427)	-	-	-
- Less than 1 year	167,165,772	2,394,420	(1,905,419)	-	-	-
- 1 year to 3 years	2,021,981	122,259	(48,854)	-	-	-
- More than 3 years	90,785	33,300	(154)	-	-	-
Currency spot	3,698,680	3,929	(6,006)	-	-	-
- Less than 1 year	3,698,680	3,929	(6,006)	-	-	-
Currency options	6,791,662	298,646	(319,083)	-	-	-
- Less than 1 year	5,249,635	198,341	(215,634)	-	-	-
- 1 year to 3 years	500,340	16,335	(16,869)	-	-	-
- More than 3 years	1,041,687	83,970	(86,580)	-	-	-
Cross currency interest rate swaps	65,638,738	4,806,435	(5,467,534)	-	-	-
- Less than 1 year	15,885,861	583,349	(1,259,675)	-	-	-
- 1 year to 3 years	24,980,250	2,069,496	(2,450,869)	-	-	-
- More than 3 years	24,772,627	2,153,590	(1,756,990)	-	-	-
	268,006,591	8,172,515	(8,775,908)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	451,862,590	2,263,420	(1,624,709)	500,000	74	-
- Less than 1 year	194,262,147	125,970	(139,295)	500,000	74	-
- 1 year to 3 years	132,036,362	662,449	(605,321)	-	-	-
- More than 3 years	125,564,081	1,475,001	(880,093)	-	-	-
Interest rate futures	7,948,164	2,673	(5,102)	-	-	-
- Less than 1 year	4,299,204	2,673	(2,307)	-	-	-
- 1 year to 3 years	3,434,349	-	(2,795)	-	-	-
- More than 3 years	214,611	-	-	-	-	-
Interest rate options	216,491	413	(2,213)	-	-	-
- Less than 1 year	155,677	-	(1,800)	-	-	-
- 1 year to 3 years	60,814	413	(413)	-	-	-
	460,027,245	2,266,506	(1,632,024)	500,000	74	-
<u>Equity related derivatives</u>						
Equity futures	146,909	599	(626)	-	-	-
- Less than 1 year	146,909	599	(626)	-	-	-
Equity options	9,569,385	179,010	(265,215)	-	-	-
- Less than 1 year	2,906,866	158,391	(141,482)	-	-	-
- 1 year to 3 years	5,639,857	9,566	(112,829)	-	-	-
- More than 3 years	1,022,662	11,053	(10,904)	-	-	-
Equity swaps	683,337	2,867	(14,342)	-	-	-
- Less than 1 year	5,718	319	-	-	-	-
- 1 year to 3 years	61,605	1,208	(13,086)	-	-	-
- More than 3 years	616,014	1,340	(1,256)	-	-	-
	10,399,631	182,476	(280,183)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2015	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	1,723,092	514,369	(452,384)	-	-	-
- Less than 1 year	1,477,397	237,143	(221,302)	-	-	-
- 1 year to 3 years	245,695	277,226	(231,082)	-	-	-
Commodity futures	732,519	7,654	(60,370)	-	-	-
- Less than 1 year	721,352	7,654	(58,906)	-	-	-
- 1 year to 3 years	11,167	-	(1,464)	-	-	-
Commodity options	2,456,172	300,144	(227,970)	-	-	-
- Less than 1 year	2,341,527	230,997	(203,924)	-	-	-
- 1 year to 3 years	114,645	69,147	(24,046)	-	-	-
	4,911,783	822,167	(740,724)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	7,658,804	89,669	(84,747)	-	-	-
- Less than 1 year	3,845,714	20,411	(19,440)	-	-	-
- 1 year to 3 years	2,248,053	49,758	(46,359)	-	-	-
- More than 3 years	1,565,037	19,500	(18,948)	-	-	-
Total return swaps	2,619,029	12,281	(19,394)	-	-	-
- Less than 1 year	2,087,629	4,663	-	-	-	-
- 1 year to 3 years	214,650	-	(10,686)	-	-	-
- More than 3 years	316,750	7,618	(8,708)	-	-	-
	10,277,833	101,950	(104,141)	-	-	-
Bond contract						
Bond forward	30,000	1,204	-	-	-	-
- More than 3 years	30,000	1,204	-	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	28,900,011	59,976	(250,411)	-	-	-
- Less than 1 year	5,782,795	3,385	(6,792)	-	-	-
- 1 year to 3 years	8,072,341	14,670	(43,219)	-	-	-
- More than 3 years	15,044,875	41,921	(200,400)	-	-	-
Currency swaps	2,797,900	9,079	(52,481)	-	-	-
- Less than 1 year	2,797,900	9,079	(52,481)	-	-	-
Cross currency interest rate swaps	4,655,246	92,976	(303,977)	-	-	-
- Less than 1 year	1,937,898	6,497	(34,741)	-	-	-
- 1 year to 3 years	916,857	39,256	(64,882)	-	-	-
- More than 3 years	1,800,491	47,223	(204,354)	-	-	-
	36,353,157	162,031	(606,869)	-	-	-
Total derivative assets/(liabilities)	790,006,240	11,708,849	(12,139,849)	500,000	74	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as 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 fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2016, the amount of credit risk in the Group and the Company, measured in terms of the cost to replace the profitable contracts, was RM10,194,234,000 and Nil respectively (2015: RM11,708,849,000 and RM74,000 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 30 September 2016, the Group has posted cash collateral of RM3,994 million (31 December 2015: RM5,384 million) on their derivative contracts.

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

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

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

A24. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

	30 September 2016	31 December 2015
	Principal	Principal
	Amount	Amount
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	6,111,461	6,552,626
Certain transaction-related contingent items	6,825,423	6,047,494
Short-term self-liquidating trade-related contingencies	5,915,545	8,525,630
Obligations under underwriting agreement	18,925	9,406
Irrevocable commitments to extend credit		
- maturity not exceeding one year	49,235,547	46,117,291
- maturity exceeding one year	28,281,326	22,176,460
Miscellaneous commitments and contingencies	2,083,545	4,148,292
Total credit-related commitments and contingencies	98,471,772	93,577,199
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	231,359,197	215,117,886
- one year to five years	46,878,248	49,650,897
- more than five years	13,972,832	10,690,954
	292,210,277	275,459,737
<u>Interest rate related contracts</u>		
- less than one year	200,007,686	204,499,823
- one year to five years	262,114,271	235,172,060
- more than five years	49,462,778	49,255,373
	511,584,735	488,927,256
<u>Equity related contracts</u>		
- less than one year	3,943,865	3,059,493
- one year to five years	7,088,079	6,915,007
- more than five years	336,914	425,131
	11,368,858	10,399,631
<u>Credit related contracts</u>		
- less than one year	2,471,753	5,933,343
- one year to five years	3,454,086	4,070,019
- more than five years	2,565,879	274,471
	8,491,718	10,277,833
<u>Commodity related contracts</u>		
- less than one year	8,371,210	4,540,276
- one year to five years	2,882,347	371,507
	11,253,557	4,911,783
<u>Bond contracts</u>		
- less than one year	143,191	-
- one year to five years	35,828	-
- more than five years	90,000	30,000
	269,019	30,000
Total treasury-related commitments and contingencies	835,178,164	790,006,240
	933,649,936	883,583,439
The Company		
<u>Interest rate related contracts</u>		
- less than one year	-	500,000
	-	500,000

A25. CAPITAL ADEQUACY

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

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. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk 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 capital adequacy ratios of Bank CIMB Niaga is based on Bank Indonesia's requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the 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.

A25. CAPITAL ADEQUACY (Continued)

30 September 2016

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
Common equity tier 1 ratio	10.732% ^	13.241%	10.493%	10.681% ^	32.020%	16.501%	N/A
Tier 1 ratio	12.245% ^	14.022%	10.493%	11.911% ^	32.020%	16.501%	N/A
Total capital ratio	15.414% ^	16.402%	15.930%	15.394% ^	32.020%	17.959%	16.840%

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	141,320,227	21,765,870	22,418,191	188,716,176	1,102,409	51,079,502	1,434,102
Market risk	13,585,557	645,793	3,932,950	15,631,401	83,657	644,550	-
Operational risk	13,217,723	2,168,944	1,908,722	18,004,836	602,238	7,568,683	-
Large exposure risk	737,238	-	-	737,238	-	-	-
	168,860,745	24,580,607	28,259,863	223,089,651	1,788,304	59,292,735	1,434,102

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Common Equity Tier I capital							
Ordinary shares	5,148,084	1,000,000	1,479,365	5,148,084	100,000	513,087	207,175
Other reserves	21,309,232	2,714,251	1,649,652	26,673,885	498,880	9,555,676	31
Qualifying non-controlling interests	-	-	-	277,107	-	-	-
Less: Proposed dividends	-	-	-	-	-	-	-
Common Equity Tier I capital before regulatory adjustments	26,457,316	3,714,251	3,129,017	32,099,076	598,880	10,068,763	207,206
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(5,119,792)	(964)	-	-
Intangible assets	(832,477)	(75,000)	(27,461)	(926,803)	-	-	(1,906)
Deferred tax assets	(173,090)	(16,337)	(116,072)	(343,121)	(15,429)	(37,108)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,577,111)	-	-	(520,144)	(5,151)	(247,853)	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(2,492)	-	-
Shortfall of eligible provisions to expected losses	-	(68,196)	-	-	-	-	-
Others	(1,197,557)	(164,019)	(20,140)	(1,359,947)	(2,222)	-	(4,633)
Common Equity Tier I capital after regulatory adjustments	18,122,006	3,254,699	2,965,344	23,829,269	572,622	9,783,802	200,667
Additional Tier I capital							
Perpetual preference shares	120,000	192,000	-	120,000	-	-	-
Non-innovative Tier I Capital	600,000	-	-	600,000	-	-	-
Innovative Tier I Capital	967,080	-	-	967,080	-	-	-
Perpetual subordinated capital securities	1,000,000	-	-	1,000,000	-	-	-
Qualifying capital instruments held by third parties	-	-	-	55,167	-	-	-
Additional Tier I capital before regulatory adjustments	2,687,080	192,000	-	2,742,247	-	-	-
Less: Regulatory adjustments							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(132,000)	-	-	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,555,080	192,000	-	2,742,247	-	-	-
Total Tier I Capital	20,677,086	3,446,699	2,965,344	26,571,516	572,622	9,783,802	200,667
Tier II capital							
Subordinated notes	7,050,000	520,000	1,443,422	7,050,000	-	341,263	29,005
Redeemable preference shares	29,740	-	-	29,740	6	-	-
Surplus of eligible provision over expected loss	350,419	-	-	134,144	-	-	-
Qualifying capital instruments held by third parties	-	-	-	372,446	-	-	-
Portfolio impairment allowance & Regulatory reserve √	226,696	64,938	93,144	531,801	2,228	523,214	11,830
Tier II capital before regulatory adjustments	7,656,855	584,938	1,536,566	8,118,131	2,234	864,477	40,835
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,306,078)	-	-	(346,763)	(4,726)	-	-
Total Tier II capital	5,350,777	584,938	1,536,566	7,771,368	-	864,477	40,835
Total capital base	26,027,863	4,031,637	4,501,910	34,342,884	572,622	10,648,279	241,502

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 September 2016 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM186 million, RM168 million and RM18 million respectively.

* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank Plc's net worth divided by its risk-weighted assets.

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

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

CIMB Group successfully completed its eight DRS of which RM599 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank which would increase the capital adequacy ratios of CIMB Bank and CIMB Bank Group above the stated ratio.

A25. CAPITAL ADEQUACY (Continued)

31 December 2015

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
Before deducting proposed dividend							
Common equity tier 1 ratio	12.107% ^	12.718%	10.778%	11.329% ^	33.250%	14.145%	N/A
Tier 1 ratio	13.279% ^	13.557%	10.778%	12.279% ^	33.250%	14.145%	N/A
Total capital ratio	<u>16.425% ^</u>	<u>16.273%</u>	<u>15.456%</u>	<u>15.892% ^</u>	<u>33.250%</u>	<u>16.156%</u>	<u>17.377%</u>
After deducting proposed dividend							
Common equity tier 1 ratio	11.504% ^	12.718%	10.778%	10.876% ^	29.747%	14.145%	N/A
Tier 1 ratio	12.677% ^	13.557%	10.778%	11.825% ^	29.747%	14.145%	14.164%
Total capital ratio	<u>15.823% ^</u>	<u>16.273%</u>	<u>15.456%</u>	<u>15.438% ^</u>	<u>29.747%</u>	<u>16.156%</u>	<u>17.377%</u>

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	134,581,911	21,088,362	21,896,165	180,655,182	1,166,117	50,643,638	1,291,520
Market risk	12,251,594	532,642	3,554,123	14,483,777	86,545	568,418	-
Operational risk	12,885,118	2,080,723	1,794,608	17,227,086	631,580	7,190,157	-
Large exposure risk	666,867	-	-	666,867	-	-	-
	<u>160,385,490</u>	<u>23,701,727</u>	<u>27,244,896</u>	<u>213,032,912</u>	<u>1,884,242</u>	<u>58,402,213</u>	<u>1,291,520</u>

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital							
Ordinary shares	5,148,084	1,000,000	1,473,510	5,148,084	100,000	502,007	214,650
Other reserves	21,591,225	2,386,083	1,603,316	26,518,216	554,758	8,257,738	(22,767)
Qualifying non-controlling interests	-	-	-	275,120	-	-	-
Less: Proposed dividends	(966,553)	-	-	(966,553)	(66,000)	-	-
Common Equity Tier I capital before regulatory adjustments	<u>25,772,756</u>	<u>3,386,083</u>	<u>3,076,826</u>	<u>30,974,867</u>	<u>588,758</u>	<u>8,759,745</u>	<u>191,883</u>
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(5,114,235)	(964)	-	-
Intangible assets	(874,745)	(82,210)	(17,752)	(945,435)	-	-	(2,703)
Deferred tax assets	(210,842)	(31,184)	(102,575)	(403,149)	(15,278)	(140,755)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,721,064)	-	-	(319,238)	(3,268)	(357,892)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,462)	-	-
Shortfall of eligible provisions to expected losses	-	(60,965)	-	-	-	-	-
Others	(959,972)	(61,387)	(20,060.00)	(1,023,930)	(2,284)	-	(6,250)
Common Equity Tier I capital after regulatory adjustments	<u>18,451,058</u>	<u>3,014,337</u>	<u>2,936,439</u>	<u>23,168,880</u>	<u>560,502</u>	<u>8,261,098</u>	<u>182,930</u>
Additional Tier I capital							
Perpetual preference shares	140,000	199,000	-	140,000	-	-	-
Non-innovative Tier I Capital	700,000	-	-	700,000	-	-	-
Innovative Tier I Capital	1,128,260	-	-	1,128,260	-	-	-
Qualifying capital instruments held by third parties	-	-	-	54,760	-	-	-
Additional Tier I capital before regulatory adjustments	<u>1,968,260</u>	<u>199,000</u>	<u>-</u>	<u>2,023,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Regulatory adjustments							
Investments in Additional Tier 1 capital instruments of subsidiaries and other financial and insurance/takaful entities	(88,000)	-	-	-	-	-	-
Additional Tier I capital before and after regulatory adjustments	<u>1,880,260</u>	<u>199,000</u>	<u>-</u>	<u>2,023,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Tier I Capital	<u>20,331,318</u>	<u>3,213,337</u>	<u>2,936,439</u>	<u>25,191,900</u>	<u>560,502</u>	<u>8,261,098</u>	<u>182,930</u>
Tier II capital							
Subordinated notes	7,050,000	595,000	1,191,929	7,050,000	-	631,074	30,051
Redeemable preference shares	29,740	-	-	29,740	7	-	-
Surplus of eligible provision over expected loss	480,515	-	-	210,735	-	-	-
Qualifying capital instruments held by third parties	-	-	-	376,000	-	-	-
Portfolio impairment allowance & Regulatory reserve √	236,377	48,698	82,629	509,270	159	543,312	11,448
Tier II capital before regulatory adjustments	<u>7,796,632</u>	<u>643,698</u>	<u>1,274,558</u>	<u>8,175,745</u>	<u>166</u>	<u>1,174,386</u>	<u>41,499</u>
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,750,641)	-	-	(478,907)	(6,628)	-	-
Total Tier II capital	<u>5,045,991</u>	<u>643,698</u>	<u>1,274,558</u>	<u>7,696,838</u>	<u>-</u>	<u>1,174,386</u>	<u>41,499</u>
Total capital base	<u>25,377,309</u>	<u>3,857,035</u>	<u>4,210,997</u>	<u>32,888,738</u>	<u>560,502</u>	<u>9,435,484</u>	<u>224,429</u>

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2015 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM183 million, RM161 million and RM22 million respectively.

* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank Plc's net worth divided by its risk-weighted assets.

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

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

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2015. The second interim dividend was approved by the Board and Bank Negara Malaysia on 29 January 2016 and 25 February 2016 respectively.

A26. SEGMENTAL REPORT

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

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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 forms 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.

A26. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

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.

Group Asset Management and Investments

Group Asset Management and Investments consists of the Group's public and private asset management portfolios.

Public Markets consists of CIMB Principal Assets Management Group. Private Marktes consists of other private equity investments and strategic investments.

Group Funding and Others

Group Funding and Others consists of the Group's assets and liabilities management, capital's investment in fixed income investments and investment in the Group's proprietary capital and funding.

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 September 2016						
Net interest income						
- external income	3,790,234	1,100,101	1,942,555	32,710	315,511	7,181,111
- inter-segment (expense)/income	(347,205)	33,625	464,923	(136)	(151,207)	-
	3,443,029	1,133,726	2,407,478	32,574	164,304	7,181,111
Income from Islamic Banking operations	603,827	136,434	403,201	2,349	130,301	1,276,112
Net non-interest income	1,228,632	229,871	1,367,283	343,994	(24,639)	3,145,141
Gain on disposal of subsidiaries and associates	-	-	-	-	149,767	149,767
Net income	5,275,488	1,500,031	4,177,962	378,917	419,733	11,752,131
Overheads	(3,050,236)	(828,848)	(1,957,738)	(270,679)	(313,236)	(6,420,737)
of which:						
- Depreciation of property, plant and equipment	(96,658)	(6,602)	(35,910)	(16,408)	(91,125)	(246,703)
- Amortisation of prepaid lease payments	445	(36)	(128)	-	(8,754)	(8,473)
- Amortisation of intangible assets	(49,778)	(3,918)	(21,189)	(10,250)	(170,683)	(255,818)
Profit before allowances	2,225,252	671,183	2,220,224	108,238	106,497	5,331,394
Allowance made for impairment losses on loans, advances and financing	(503,127)	(355,241)	(795,920)	-	(3,002)	(1,657,290)
Allowance (made)/written back for losses on other receivables	(12,769)	(1,823)	(83,364)	2,353	(1,988)	(97,591)
Allowance written back/(made) for other impairment losses	-	-	124	(3,674)	567	(2,983)
Segment results	1,709,356	314,119	1,341,064	106,917	102,074	3,573,530
Share of results of joint ventures	1,519	-	-	1,292	-	2,811
Share of results of associates	-	-	-	96,149	-	96,149
Profit before taxation	1,710,875	314,119	1,341,064	204,358	102,074	3,672,490
% of profit before taxation	46.5	8.6	36.5	5.6	2.8	100.0
Taxation						(917,954)
Profit for the period						2,754,536

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 September 2015						
Net interest income						
- external income	3,514,883	1,164,470	1,980,480	29,412	186,477	6,875,722
- inter-segment (expense)/income	(243,076)	(76,625)	311,916	(69)	7,854	-
	3,271,807	1,087,845	2,292,396	29,343	194,331	6,875,722
Income from Islamic Banking operations	574,201	115,689	(77,189)	(1,889)	541,269	1,152,081
Net non-interest income	1,098,637	239,996	1,878,752	394,339	(289,490)	3,322,234
Net income	4,944,645	1,443,530	4,093,959	425,983	446,110	11,354,227
Overheads	(3,061,960)	(834,755)	(2,172,276)	(281,452)	(687,169)	(7,037,612)
of which:						
- Depreciation of property, plant and equipment	(99,431)	(7,099)	(48,780)	(14,087)	(93,005)	(262,402)
- Amortisation of prepaid lease payments	389	(38)	(123)	-	(8,547)	(8,319)
- Amortisation of intangible assets	(48,752)	(2,402)	(18,703)	(10,541)	(152,145)	(232,543)
Profit before allowances	1,882,685	608,775	1,921,683	144,531	(241,059)	4,316,615
Allowance (made)/written back for impairment losses on loans, advances and financing	(597,718)	(146,763)	(846,047)	-	1,125	(1,589,403)
Allowance (made)/written back for losses on other receivables	(2,097)	228	27	3,069	(2,847)	(1,620)
Allowance written back for commitments and contingencies	-	-	-	(9,383)	-	(9,383)
Allowance written back/(made) for other impairment losses	-	-	393	(1,331)	207	(731)
Segment results	1,282,870	462,240	1,076,056	136,886	(242,574)	2,715,478
Share of results of joint ventures	3,021	-	-	(18,942)	-	(15,921)
Share of results of associates	-	-	-	82,275	-	82,275
Profit/(Loss) before taxation	1,285,891	462,240	1,076,056	200,219	(242,574)	2,781,832
% of profit before taxation	46.2	16.6	38.7	7.2	(8.7)	100.0
Taxation						(721,492)
Profit for the period						2,060,340

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 September 2016						
Group						
Segment assets	156,461,712	50,865,909	223,538,099	1,874,814	29,946,397	462,686,931
Investment in associates and joint ventures	164,294	-	-	957,118	175	1,121,587
	156,626,006	50,865,909	223,538,099	2,831,932	29,946,572	463,808,518
Unallocated assets	-	-	-	-	-	21,802,649
Total assets	156,626,006	50,865,909	223,538,099	2,831,932	29,946,572	485,611,167
Segment liabilities	149,055,621	52,966,897	206,217,229	578,109	18,235,293	427,053,149
Unallocated liabilities	-	-	-	-	-	13,003,073
Total liabilities	149,055,621	52,966,897	206,217,229	578,109	18,235,293	440,056,222
Other segment items						
Incurred capital expenditure	186,647	3,817	38,107	16,593	461,776	706,940
Investment in joint ventures	164,294	-	-	17,999	-	182,293
Investment in associates	-	-	-	939,119	175	939,294
31 December 2015						
Group						
Segment assets	149,608,632	50,879,621	203,046,816	2,711,609	35,048,676	441,295,354
Investment in associates and joint ventures	162,775	-	-	874,498	175	1,037,448
	149,771,407	50,879,621	203,046,816	3,586,107	35,048,851	442,332,802
Unallocated assets	-	-	-	-	-	19,244,341
Total assets	149,771,407	50,879,621	203,046,816	3,586,107	35,048,851	461,577,143
Segment liabilities	138,283,842	52,896,935	195,136,374	1,373,105	19,710,722	407,400,978
Unallocated liabilities	-	-	-	-	-	11,943,537
Total liabilities	138,283,842	52,896,935	195,136,374	1,373,105	19,710,722	419,344,515
Other segment items						
Incurred capital expenditure	314,986	4,319	69,262	46,132	508,896	943,595
Investment in joint ventures	162,775	-	-	15,833	-	178,608
Investment in associates	-	-	-	858,665	175	858,840

A27. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

A27. FAIR VALUE ESTIMATION (Continued)

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

The Group	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
30 September 2016					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	15,509,946	-	15,509,946	-	15,509,946
- Quoted securities	3,356,840	3,092,242	264,598	-	3,356,840
- Unquoted securities	5,217,153	-	5,058,150	159,003	5,217,153
Financial investments available-for-sale					
- Money market instruments	1,846,454	-	1,846,454	-	1,846,454
- Quoted securities	9,032,013	6,525,255	2,506,758	-	9,032,013
- Unquoted securities	21,696,309	53	20,275,783	1,420,473	21,696,309
Derivative financial instruments					
- Trading derivatives	9,841,337	128,412	9,604,877	108,048	9,841,337
- Hedging derivatives	352,897	-	352,897	-	352,897
Total	66,852,949	9,745,962	55,419,463	1,687,524	66,852,949
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	9,727,318	167,231	9,206,449	353,638	9,727,318
- Hedging derivatives	1,055,005	-	1,055,005	-	1,055,005
Financial liabilities designated at fair value	4,280,770	-	3,888,300	392,470	4,280,770
Total	15,063,093	167,231	14,149,754	746,108	15,063,093

The Group	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2015					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	12,111,815	-	12,111,815	-	12,111,815
- Quoted securities	3,438,321	3,438,321	-	-	3,438,321
- Unquoted securities	5,130,130	-	4,972,745	157,385	5,130,130
Financial investments available-for-sale					
- Money market instruments	2,768,757	-	2,768,757	-	2,768,757
- Quoted securities	7,806,721	7,806,721	-	-	7,806,721
- Unquoted securities	22,192,070	-	20,839,301	1,352,769	22,192,070
Derivative financial instruments					
- Trading derivatives	11,546,818	12,408	11,401,532	132,878	11,546,818
- Hedging derivatives	162,031	-	162,031	-	162,031
Total	65,156,663	11,257,450	52,256,181	1,643,032	65,156,663
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	11,532,980	140,679	11,175,674	216,627	11,532,980
- Hedging derivatives	606,869	-	606,869	-	606,869
Financial liabilities designated at fair value	4,952,771	-	4,593,682	359,089	4,952,771
Total	17,092,620	140,679	16,376,225	575,716	17,092,620

A27. FAIR VALUE ESTIMATION (Continued)

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

The Company	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
30 September 2016					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,033,136	-	1,033,136	-	1,033,136
Total	1,033,136	-	1,033,136	-	1,033,136

The Company	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2015					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Derivative financial instruments					
- Trading derivatives	74	-	74	-	74
Total	74	-	74	-	74

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 September 2016 and 31 December 2015 for the Group.

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities	Unquoted securities	Trading derivatives			Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016							
At 1 January	157,385	1,352,769	132,878	1,643,032	(359,088)	(216,627)	(575,715)
Total (losses)/gains recognised in Statement of Income	8,245	4,868	(55,462)	(42,349)	(63,510)	(97,588)	(161,098)
Total gains recognised in Other Comprehensive Income	-	18,311	-	18,311	-	-	-
Purchases	(1,264)	85,138	40,916	124,790	-	(48,693)	(48,693)
Sales and redemptions	-	(24,971)	-	(24,971)	-	-	-
Settlements	-	-	(9,230)	(9,230)	30,128	7,380	37,508
Exchange fluctuation	(5,363)	(15,642)	(1,054)	(22,059)	-	1,890	1,890
At 30 September	159,003	1,420,473	108,048	1,687,524	(392,470)	(353,638)	(746,108)
Total gains/(losses) recognised in Statement of Income for financial period ended 30 September 2016 under:							
- net non-interest income	8,245	4,868	(55,462)	(42,349)	(51,788)	(97,588)	(149,376)
- interest expense	-	-	-	-	(11,722)	-	(11,722)
Total gains recognised in Other Comprehensive Income for the financial period ended 30 September 2016 under "revaluation reserves"	-	18,311	-	18,311	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 September 2016 under "net non-interest income"	8,245	6,280	(5,856)	8,669	(51,788)	(22,180)	(73,968)

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 September 2016 and 31 December 2015 for the Group. (Continued)

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		RM'000	Trading derivatives RM'000	RM'000
2015							
At 1 January	132,681	1,599,188	66,855	1,798,724	(360,736)	(870,966)	(1,231,702)
Total gains/(losses) recognised in Statement of Income	769	(15,891)	58,126	43,004	(24,856)	765,434	740,578
Total gains recognised in Other Comprehensive Income	-	1,397	-	1,397	-	-	-
Purchases	-	81,289	32,137	113,426	-	(28,853)	(28,853)
New issuances	-	-	-	-	(456)	-	(456)
Sales and redemptions	(5,000)	(418,989)	-	(423,989)	-	-	-
Settlements	-	-	(26,307)	(26,307)	26,959	17,039	43,998
Exchange fluctuation	28,935	105,775	2,067	136,777	-	(99,281)	(99,281)
At 31 December	157,385	1,352,769	132,878	1,643,032	(359,089)	(216,627)	(575,716)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December 2015 under:							
- net non-interest income	769	(15,402)	58,126	43,493	(10,761)	765,434	754,673
- interest expense	-	-	-	-	(14,095)	-	(14,095)
- allowances for other impairment losses	-	(489)	-	(489)	-	-	-
Total gains recognised in Other Comprehensive Income for financial year ended 31 December 2015 under "revaluation reserves"	-	1,397	-	1,397	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2015 under "net non-interest income"	2,484	(29,321)	64,645	37,808	(10,761)	(49,501)	(60,262)

A27. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2016 and 31 December 2015.

Investment properties (Recurring)

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

Non-current assets held for sales (Non-recurring)

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 September 2016, the property plant and equipment and investment properties held for sales of the Group that were stated at fair value less cost to sell was RM4,575,000 (2015: RM4,575,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A28. OPERATIONS OF ISLAMIC BANKING

A28a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	The Group	
		30 September 2016 RM'000	31 December 2015 RM'000
ASSETS			
Cash and short-term funds		13,268,745	8,046,054
Reverse repurchase agreements		37,026	-
Deposits and placements with banks and other financial institutions		461,300	507,849
Financial assets held for trading		1,747,295	2,945,220
Islamic derivative financial instruments		479,550	496,564
Financial investments available-for-sale		1,940,744	2,337,791
Financial investments held-to-maturity		3,778,255	2,264,868
Financing, advances and other financing/loans	A28d(i)	50,565,250	47,235,376
Deferred tax assets		16,266	30,541
Amount due from conventional operations		4,868,073	4,371,874
Statutory deposits with Bank Negara Malaysia		1,319,914	1,257,178
Property, plant and equipment		12,943	15,570
Other assets		1,364,695	972,518
Goodwill		136,000	136,000
Intangible assets		76,085	83,957
TOTAL ASSETS		80,072,141	70,701,360
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A28(e)	58,336,270	49,331,189
Investment accounts of customers	A28(f)	256,514	232,716
Deposits and placements of banks and other financial institutions		1,900,969	3,596,306
Investment accounts due to designated financial institutions	A28(g)	3,949,829	2,900,982
Islamic derivative financial instruments		633,062	594,474
Financial liabilities designated at fair value	A28(h)	43,062	199,063
Recourse obligation on loans and financing sold to Cagamas		1,354,767	502,368
Amount due to conventional operations		881,475	1,202,273
Provision for taxation and Zakat		104,967	39,017
Other liabilities		4,963,896	5,413,779
Other borrowings		-	17,125
Sukuk		619,459	-
Subordinated Sukuk		610,095	856,983
TOTAL LIABILITIES		73,654,365	64,886,275
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,250
Perpetual preference shares		220,000	220,000
Reserves		5,129,055	4,528,937
		6,404,751	5,804,187
Non-controlling interests		13,025	10,898
TOTAL ISLAMIC BANKING CAPITAL FUNDS		6,417,776	5,815,085
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		80,072,141	70,701,360

A28b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	699,609	622,704	2,078,492	1,808,771
Income derived from investment of investment account	49,107	33,937	141,463	98,408
Net income derived from investment of shareholders' funds	109,252	97,726	300,045	361,290
Allowance made for impairment losses on financing, advances and other financing/loans	(9,399)	(52,871)	(33,763)	(124,470)
Allowance made for impairment losses on other receivables	(293)	27	(511)	(64)
Total distributable income	848,276	701,523	2,485,726	2,143,935
Income attributable to depositors	(432,632)	(335,942)	(1,243,476)	(1,020,520)
Profit distributed to investment account holder	(137)	(32,177)	(412)	(95,868)
Total net income	415,507	333,404	1,241,838	1,027,547
Other operating expenses	(142,182)	(143,325)	(415,509)	(434,640)
Profit before taxation	273,325	190,079	826,329	592,907
Taxation	(60,932)	(38,690)	(172,902)	(129,691)
Profit for the period	212,393	151,389	653,427	463,216
Profit for the period attributable to:				
Owners of the Parent	211,246	151,276	651,453	462,757
Non-controlling interests	1,147	113	1,974	459
	212,393	151,389	653,427	463,216

A28c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	212,393	151,389	653,427	463,216
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	12,169	(50,729)	20,429	(35,131)
- Net gain/(loss) from change in fair value	17,289	(56,529)	32,903	(34,837)
- Realised gain transferred to statement of income on disposal and impairment	(2,878)	(2,107)	(6,198)	(3,332)
- Income tax effects	(2,242)	7,907	(6,276)	3,038
Exchange fluctuation reserve	4,088	5,947	(9,529)	11,594
Other comprehensive income/(expense) for the period, net of tax	16,257	(44,782)	10,900	(23,537)
Total comprehensive income for the period	228,650	106,607	664,327	439,679
Total comprehensive income for the period attributable to:				
Owners of the Parent	228,453	106,584	664,175	439,666
Non-controlling interests	197	23	152	13
	228,650	106,607	664,327	439,679
<u>Income from Islamic operations (per page 2)</u>				
Total net income	415,507	333,404	1,241,838	1,027,547
Add: Allowance made for impairment losses on financing, advances and other financing/loans	9,399	52,871	33,763	124,470
Add: Allowance made for impairment losses on other receivables	293	(27)	511	64
	425,199	386,248	1,276,112	1,152,081

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS
(i) By type and Shariah contract
30 September 2016

At amortised cost	The Group					Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Qard RM'000	Others RM'000	
Cash line [^]	647,561	-	-	3,252	-	650,813
Term financing						
House Financing	10,683,218	1,480,243	219,406	-	-	12,382,867
Syndicated Financing	2,164,554	122,836	-	-	124,928	2,412,318
Hire purchase receivables	649,872	3,904,376	-	-	-	4,554,248
Other term financing	23,654,617	58,693	28,988	-	3,084,852	26,827,150
Bills receivable	55,033	-	-	-	116,808	171,841
Islamic Trust receipts	26,984	-	-	-	112,840	139,824
Claims on customers under acceptance credits	380,802	-	-	-	-	380,802
Staff financing	6,303	-	-	-	2	6,305
Revolving credits	2,580,131	-	-	-	242,252	2,822,383
Credit card receivables	-	-	-	131,085	116,266	247,351
Share purchase financing	2,045	-	146,764	-	16,242	165,051
Ar Rahn	-	-	-	-	384	384
Other financing	-	15,493	-	-	6,360	21,853
Gross financing, advances and other financing/loans	40,851,120	5,581,641	395,158	134,337	3,820,934	50,783,190
Fair value changes arising from fair value hedge						153,717
						50,936,907
Less: Allowance for impairment losses						
- Individual impairment allowance						(87,666)
- Portfolio impairment allowance						(283,991)
						(371,657)
Net financing, advances and other financing/loans						50,565,250

31 December 2015

At amortised cost	The Group					Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Qard RM'000	Others RM'000	
Cash line [^]	584,930	-	-	17,114	-	602,044
Term financing						
House Financing	9,971,879	1,385,143	-	-	-	11,357,022
Syndicated Financing	2,084,525	160,701	-	-	29,919	2,275,145
Hire purchase receivables	821,861	4,306,661	-	-	-	5,128,522
Other term financing	21,264,688	58,232	-	-	3,288,620	24,611,540
Bills receivable	3,373	-	-	153	-	3,526
Trust receipts	26,106	-	-	-	94,073	120,179
Claims on customers under acceptance credits	445,038	-	-	-	-	445,038
Staff financing	-	-	-	-	2	2
Revolving credits	2,168,995	-	-	-	509,243	2,678,238
Credit card receivables	-	-	-	-	180,628	180,628
Share margin financing	4,100	-	96,520	-	30,063	130,683
Ar Rahn	-	-	-	-	1,065	1,065
Other financing	-	18,303	-	-	10,247	28,550
Gross financing, advances and other financing/loans	37,375,495	5,929,040	96,520	17,267	4,143,860	47,562,182
Fair value changes arising from fair value hedge						110,491
						47,672,673
Less: Allowance for impairment losses						
- Individual impairment allowance						(79,321)
- Portfolio impairment allowance						(357,976)
						(437,297)
Net financing, advances and other financing/loans						47,235,376

[^] Includes current account in excess

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

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

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

As at 30 September 2016, the gross exposures to RPSIA financing is RM2,832 million (2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM4.9 million (2015: RM5.4 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
At 1 January	17,267	10,277
New disbursement	1,586	13,522
Repayment	(15,601)	(6,532)
At 30 September/31 December	<u>3,252</u>	<u>17,267</u>
b) Sources and uses of Qard Financing		
Sources of Qard fund:		
Depositors' fund	3,037	16,122
Shareholders' fund	215	1,145
	<u>3,252</u>	<u>17,267</u>
Uses of Qard fund:		
Personal use	472	337
Business use	2,780	16,930
	<u>3,252</u>	<u>17,267</u>

(ii) By geographical distribution

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Malaysia	43,941,302	40,805,184
Indonesia	2,665,261	2,328,448
Singapore	2,982,320	3,183,243
Other countries	1,194,307	1,245,307
Gross financing, advances and other financing/loans	<u>50,783,190</u>	<u>47,562,182</u>

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

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Malaysia	498,140	424,382
Indonesia	52,105	42,156
Gross impaired financing, advances and other financing/loans	<u>550,245</u>	<u>466,538</u>

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(iv) Movements in impaired financing, advances and other financing/loans:

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
At 1 January	466,538	539,920
Classified as impaired during the period/year	519,275	561,268
Reclassified as not impaired during the period/year	(238,561)	(312,552)
Amount recovered	(79,739)	(103,317)
Amount written off	(140,877)	(213,337)
Exchange fluctuation	23,609	(5,444)
At 30 September/31 December	550,245	466,538
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	1.08%	0.98%

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

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Individual impairment allowance		
At 1 January	79,321	88,336
Allowance made during the period/year	7,625	(11,810)
Amount written off	-	(981)
Exchange fluctuation	720	3,776
At 30 September/31 December	87,666	79,321
Portfolio impairment allowance		
At 1 January	357,976	374,704
Allowance made during the period/year	59,001	199,278
Amount written off	(140,926)	(212,336)
Allowance transferred from conventional operations	(19)	-
Exchange fluctuation	7,959	(3,670)
At 30 September/31 December	283,991	357,976
Portfolio impairment allowance as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	1.10%	1.10%

A28e. DEPOSITS FROM CUSTOMERS**(i) By type of deposits**

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Savings deposit		
Wadiah	3,713,385	3,263,150
Mudharabah	565,426	320,617
	4,278,811	3,583,767
Demand deposit		
Wadiah	9,752,922	9,408,866
Qard	177,324	386,784
Mudharabah	65,065	71,026
	9,995,311	9,866,676
Term deposit		
<i>Commodity Murabahah</i> *	42,237,050	33,230,363
<i>Islamic negotiable instruments</i>	38,230	742,792
Mudharabah	38,230	344,450
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,342
<i>Short term money market deposit-i</i>	16,235	28,781
Wakalah	16,235	17,816
Wadiah	-	10,965
<i>Fixed Deposit-i</i>	20,644	239,772
Wadiah	20,644	239,772
<i>General investment account</i>	1,438,174	1,310,340
Mudharabah	1,438,174	1,310,340
<i>Specific investment account</i>	297,946	314,009
Mudharabah	297,946	314,009
	44,048,279	35,866,057
Others - Qard	13,869	14,689
	58,336,270	49,331,189

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

(ii) By maturity structures of term deposit

Due within six months	29,756,601	27,962,417
Six months to one year	10,484,938	7,202,592
One year to three years	2,774,643	391,340
Three years to five years	748,380	885
More than five years	283,717	308,823
	44,048,279	35,866,057

(iii) By type of customer

Government and statutory bodies	4,295,573	3,513,833
Business enterprises	19,059,394	19,932,893
Individuals	13,450,989	10,829,624
Others	21,530,314	15,054,839
	58,336,270	49,331,189

A28f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Unrestricted investment accounts		
- without maturity		
Special Mudharabah Investment Account	256,514	232,716
	256,514	232,716

A28g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	3,949,829	2,900,982
By type of counterparty		
Licensed banks	3,949,829	2,900,982

A28h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	30 September 2016	31 December 2015
	RM'000	RM'000
Deposits from customers - structured investments	43,062	199,063

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

The carrying amount of the Group as at 30 September 2016 of financial liabilities designated at fair value were RM591,000 (2015: RM8,581,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) results

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) today reported a Profit Before Tax (“PBT”) of RM3,672 million for 9 months 2016 (“9M16”). On a year-on-year (“Y-o-Y”) basis, the Group saw a 3.5% expansion in 9M16 operating income with well contained operating expenses, bringing about a 5.8% Y-o-Y improvement in the Net Profit of RM2,710 million compared to the Business As Usual (“BAU”) 9M15 Net Profit of RM2,561 million. The 9M16 net earnings per share (“EPS”) stood at 31.4 sen, while the annualised 9M16 net return on average equity (“ROE”) was 8.5%.

The Group registered a 3.5% Y-o-Y improvement in operating income and the 5.8% Yo-Y growth in 9M16 net profit. and saw strong 3Q16 performance in Consumer Banking for Malaysia, Indonesia and Thailand. Across the Group, consistent efforts in managing cost resulted in an improvement in Cost-to-Income ratio to 53.2% in 3Q16. Capital position is strengthening and the Group remains on track to achieve 11% CET1 target for 2016.

CIMB Group 9M16 Y-o-Y Results

For comparative purposes, the corresponding 9M15 numbers are based on BAU basis. CIMB Group’s 9M16 operating income grew 3.5% Y-o-Y to RM11,752 million underpinned by a 4.6% improvement in net interest income. The 9M16 non-interest income grew by 1.0% Y-o-Y as the Group recognised a RM150 million gain from the sale of its 51% interest in PT CIMB Sun Life in 3Q16. Operating expenses remained under control, growing 0.6% Y-o-Y although it was 2.5% lower after excluding foreign currency translation effects. This brought about the 7.3% improvement in the Group’s Pre-Provisioning Operating Profit (“PPOP”). The Group’s PBT was 6.9% higher at RM3,672 million, with loan provisions rising 4.3% Y-o-Y.

The Group’s Regional Consumer Bank PBT increased by 33.0% Y-o-Y in 9M16 to RM1,711 million, making up 46% of Group PBT. The improved performance was underpinned by the regional consumer loans growth, lower overhead costs and lower provisions. The Regional Commercial Banking PBT was 32.0% lower Y-o-Y at RM314 million due to higher provisions in Thailand, Indonesia and Singapore, although revenue continues to grow and cost is declining. The Group’s Regional Wholesale Banking PBT grew 4.8% Y-o-Y to RM1,341 million with an improvement in Treasury & Markets and Investment Banking, while Corporate Banking stayed weak. Group Asset Management and Investments (“GAMI”)’s PBT rose 1.0% Y-o-Y from higher returns from investments, while Group Funding PBT was 50.2% lower Y-o-Y from higher cost of funding and foreign exchange effects on investments.

Non-Malaysia PBT contribution to the Group remained steady at 25% in 9M16 compared to 9M15. Indonesia’s PBT expanded by 104.2% Y-o-Y to RM578 million in tandem with the improving financial performance at CIMB Niaga. Thailand’s PBT contribution was 37.8% lower Y-o-Y at RM145 million resulting from higher loan provisions. Total PBT contribution from Singapore was 37.6% lower at RM199 million due to slower loans growth and increased commercial banking provisions.

The Group’s total gross loans (excluding the bad bank) grew by 2.4% Y-o-Y or 2.2% excluding FX fluctuations. Total deposits grew 8.0% Y-o-Y or 7.9% excluding FX fluctuations. The Group’s loan to deposit (“LDR”) ratio stood at 89.8% compared to 94.9% in 9M15.

The Group’s gross impairment ratio reduced to 3.2% as at September 2016 from 3.4% in September 2015, with a higher allowance coverage of 80.6%. The Group’s Cost-to-Income ratio improved to 54.6% compared with 56.2% in 9M15, as the Group’s cost control initiatives remain on track. The Group’s Net Interest Margins (“NIM”) stood at 2.61% for 9M16 mainly from the higher cost of deposits in Malaysia.

As at 30 September 2016, CIMB Group’s total capital ratio stood at 15.8% while the Common Equity Tier 1 (“CET1”) capital ratio strengthened further to 10.9%.

CIMB Group 3Q16 Q-o-Q and Y-o-Y Performance

On a Q-o-Q basis, 3Q16 operating income was 5.7% higher at RM4,124 million, with non interest income and net interest income growing 12.3% and 2.8% respectively. Consumer Banking PBT was 18.3% lower Q-o-Q from increased provisions from Indonesia and writeback of operating expenses in the previous quarter. Commercial Banking PBT was flat Q-o-Q with the higher revenues and lower costs offsetting the higher provisions, while the 6.9% Q-o-Q growth in Wholesale Banking PBT was attributed to lower provisions in 3Q16. Group Funding PBT jumped 597.7% Q-o-Q mainly from the RM150 million gain from the sale of PT Sun Life. The Group’s 3Q16 net profit was 17.2% higher Q-o-Q at RM1,023 million driven by the PT Sun Life gain, higher non-interest income and lower operating costs, partially offset by an uptick in provisions.

On a Y-o-Y basis, the 3Q16 operating income of RM4,124 million was 7.4% higher than the 3Q15 BAU numbers, with a 23.8% growth in non-interest income and a 1.0% increase in net interest income. Consumer Banking PBT grew 27.2% driven by loans growth and lower provisions. Commercial Banking PBT declined 54.8% Y-o-Y principally due to higher provisions in 3Q16, while the 2.6% growth in Wholesale Banking PBT was attributed to the improved capital markets business. Group Funding PBT was 185.3% higher from the RM150 million gain from the sale of PT Sun Life. The Group’s 3Q16 net profit was 13.4% higher Y-o-Y owing to higher non-interest income and the Sun Life gain, partially offset by an uptick in provisions.

B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS (CONTINUED)

CIMB Islamic

CIMB Islamic's 9M16 Y-o-Y PBT increased by 43.3% to RM542 million from improved performance in the Consumer segment. CIMB Islamic's gross financing assets increased by 9.8% Y-o-Y to RM43.7 billion, accounting for 14.4% of total Group loans. Total deposits increased by 19.9% Y-o-Y to RM51.8 billion.

Key Organisation Changes

On 4 January 2016, Mohamed Rafe bin Mohamed Haneef was appointed as CEO, Group Islamic Banking and CEO/ED of CIMB Islamic Bank. On 20 January 2016, Tengku Dato' Sri Zafrul Aziz was appointed as CEO of CIMB Bank Berhad. On 1 March 2016, Dato' Kong Sooi Lin was appointed as CEO of CIMB Investment Bank Berhad. On 1 April 2016, Mak Lye Mun was appointed as CEO, Group Wholesale Banking. On 1 July 2016, Samir Gupta was appointed as CEO, Group Regional Consumer Banking. On 19 October 2016, Kittiphun Anutarasoti was appointed as President/CEO of CIMB Thai.

B2. CORPORATE DEVELOPMENTS

Capital Management

- On 21 April 2016, CIMB Islamic Bank redeemed its RM250 million Basel II Tier-2 Junior Sukuk.
- On 25 April 2016, CIMB Group issued and allotted 201,588,194 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY15. The new shares were listed and quoted on the Main Market of Bursa Securities on 26 April 2016.
- On 25 May 2016, CIMB Group issued RM1.0 billion Basel III-compliant Additional Tier 1 Capital Securities rated A1/Stable by RAM. The proceeds were used to subscribe for RM1.0 billion Basel III-compliant Additional Tier 1 Capital Securities issued by CIMB Bank.
- On 15 June 2016, CIMB Group announced a proposed special interim dividend-in-specie involving the distribution of 1,366,988,057 existing CIMB Niaga B Shares to CIMB Group shareholders on a ratio of 1 CIMB Niaga share for approximately every 6.39 CIMB Group shares. On 27 July 2016, CIMB Group announced a proposed monetisation option which provides entitled shareholders the option to receive cash instead of the Dividend shares.
- On 11 July 2016, CIMB Thai issued RM570 million Basel III -compliant Tier 2 Subordinated Debt.
- On 8 August 2016, CIMB Bank Berhad redeemed its RM1,350 million Basel II-compliant Tier 2 Subordinated Debt.
- On 8 August 2016, CIMB Bank Berhad issued RM1,350 million Basel III-compliant Tier 2 Subordinated Debt rated AA2/Stable by RAM.
- On 21 September 2016, CIMB Islamic Bank issued RM10 million Basel III compliant Tier 2 Junior Sukuk rated AA+(IS) by Malaysian Rating Corporation Berhad ("MARC"), which was fully subscribed by CIMB Group Holdings.
- On 28 October 2016, CIMB Group issued and allotted 139,523,744 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS arising from the First Interim Dividend announcement for FY16. The new shares were listed and quoted on the Main Market of Bursa Securities on 31 October 2016.

Mergers and Acquisitions

- On 23 March 2016, CIMB Group entered into an agreement to divest its 51% stake in PT CIMB Sun Life for a cash consideration of IDR550 billion (RM169 million) to Sun Life Assurance Company of Canada. The transaction was completed on 1 July 2016.
- On 28 July 2016, CIMB Group announced a strategic partnership with Fajr Capital, a leading private equity investor in the Middle East. Consequently, CIMB Middle East BSC (C), a wholly owned subsidiary of CIMB Group has sought Central Bank of Bahrain's approval to close its business.
- On 6 September 2016, CIMB Bank received an operating license from the State Bank of Vietnam to establish and operate a 100%-owned subsidiary in Vietnam. The first CIMB Bank branch in Hanoi is expected to be operational by end-2016.
- On 17 October 2016, CIMB Group signed a Heads of Terms with China Galaxy International Financial Holdings Limited to explore a strategic partnership via a 50:50 joint venture in the stockbroking business and to identify further areas of cooperation in the relevant markets where they operate.

B2. CORPORATE DEVELOPMENTS (continued)

Others

- On 31 March 2016, Fitch Ratings affirmed CIMB Niaga's long-term and short-term issuer default ratings at BBB and F3 respectively, as well as long-term and short-term national ratings at AAA(idn) and F1+(idn) respectively. The outlook is stable.
- On 20 April 2016, RAM assigned an A1/Stable rating to CIMB Group Holdings' proposed Additional Tier-1 Capital Securities Programme of RM10.0 billion and reaffirmed CIMB Group Holdings' long-term and short-term corporate credit ratings at AA1 and P1 respectively. The outlook is stable.
- On 11 May 2016, RAM assigned an A1/ Stable rating to CIMB Bank's proposed Additional Tier-1 Capital Securities Programme of RM10.0 billion and reaffirmed CIMB Bank's long-term and short-term financial institution ratings of CIMB Bank at AAA and P1 respectively. The outlook is stable.
- On 3 June 2016, CIMB Group entered into a Master Distribution agreement with Sompo Japan Nipponkoa Holdings Inc. to establish a regional non-life bancassurance partnership in selected countries in Southeast Asia.
- On 8 June 2016, Moody's affirmed CIMB Thai's long-term and short-term foreign currency deposits ratings at Baa2 and P-2 respectively. The outlook is stable.
- On 16 June 2016, RAM affirmed CIMB Thai's CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1 respectively. Also, RAM reaffirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme at AA3. The outlook is stable.
- On 17 June 2016, RAM assigned a rating of AA2 to CIMB Bank's RM10 bil Tier-2 Subordinated Debt Programme (2013/2073), following amendments made to the terms of the issuances on or after 1 January 2016 which included non-viability event linked to CIMB Bank and to CIMB Group Holdings. The amendments were made due to regulatory capital requirements to financial holding companies such as CIMB Group Holdings. To date, there have been no issuances on or after 1 January 2016. The outlook is stable.
- On 4 July 2016, Moody's affirmed CIMB Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively. The outlook is stable.
- On 4 July 2016, Moody's affirmed CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook is stable.
- On 4 July 2016, Moody's affirmed CIMB Islamic Bank's long-term and short-term foreign currency ratings at A3 and P-2 respectively. The outlook is stable.
- On 4 July 2016, Moody's affirmed CIMB Niaga's long-term and short-term foreign currency ratings at Baa3 and P-3 respectively. The outlook is stable.
- On 5 July 2016, Moody's affirmed CIMB Investment Bank's long-term and short-term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 2 August 2016, Fitch Ratings upgraded CIMB Thai's long-term national rating from AA-(tha) to AA(th) and reaffirmed the short-term national rating at F1+(tha). Also, CIMB Thai's long-term subordinated debt was upgraded from A+(tha) to AA-(tha). The outlook is stable.
- On 14 October 2016, Moody's reaffirmed CIMB Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively. The outlook is stable.
- On 14 October 2016, Moody's reaffirmed CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook is stable.
- On 14 October 2016, Moody's reaffirmed CIMB Islamic Bank's long-term and short-term foreign currency ratings at A3 and P-2 respectively. The outlook is stable.
- On 14 October 2016, Moody's reaffirmed CIMB Investment Bank's long-term and short-term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 31 October 2016, S&P reaffirmed CIMB Bank's long-term and short-term issuer credit ratings at A- and A-2 respectively. The outlook is stable.
- On 31 October 2016, S&P reaffirmed CIMB Investment Bank's long-term and short-term issuer credit ratings at A- and A-2 respectively. The outlook is stable.
- On 11 November 2016, MARC reaffirmed CIMB Bank's long-term and short-term financial institution ratings at AAA and MARC-1 respectively. The outlook is stable.

B2. CORPORATE DEVELOPMENTS (continued)

- On 11 November 2016, MARC reaffirmed CIMB Islamic Bank's long-term and short-term financial institution ratings at AAA and MARC-1 respectively. The outlook is stable.
- On 15 November 2016, MARC reaffirmed CIMB Group Holding's long-term and short-term corporate credit ratings at AA+ and MARC-1 respectively. The outlook is stable.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

The Group's T18 Strategy has laid the right foundations in terms of capital, cost, culture, customercentricity and compliance in order to move forward with better clarity. On Consumer Banking, the Group will accelerate its digital proposition across the region and focus on recalibration in Thailand. On Commercial Banking, it will sustain the momentum in Malaysia and Indonesia, whilst focusing on asset quality in Thailand. The Group expects better loans growth in Corporate Banking and, subject to market conditions, steady improvement in the capital markets business.

As the Group approaches the halfway mark of its T18 Strategy, the Group will fine-tune its programmes where necessary, to ensure a sustainable growth trajectory across all businesses within the Group. The Group is also excited about Vietnam, where a full banking licence has been granted and will begin operations in December 2016. With a stronger foundation in place, the Group is now in a better position to advance its ASEAN franchise.

B4. TAXATION

	3rd quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
The Group				
Major components of tax expense:				
Current tax expense	295,720	262,056	811,729	737,926
Deferred tax expense	(28,308)	4,244	21,124	(4,086)
Under/(over) provision in prior years	44,509	(9,994)	85,101	(12,348)
	311,921	256,306	917,954	721,492

Reconciliation

Profit before taxation	1,360,750	1,074,508	3,672,490	2,781,832
Tax at statutory income tax rate of 24% (2015: 25%)	326,580	268,627	881,398	695,458
Effect of different tax rates in other countries and change in tax rates	(69,765)	7,510	(155,619)	(120,783)
Due to expenses not deductible for tax purposes and income not subject to income tax	10,597	(9,837)	107,074	159,165
Under/(over) provision in prior years	44,509	(9,994)	85,101	(12,348)
	311,921	256,306	917,954	721,492

The Company

Major components of tax expense:

Current tax expense	(512)	1,432	5,719	7,166
Deferred tax expense	1,322	(279)	72	(171)
Under provision in prior years	-	-	-	120
	810	1,153	5,791	7,115

Reconciliation

Profit before taxation	680,612	752,935	1,574,033	1,370,755
Tax at statutory income tax rate of 24% (2015: 25%)	163,347	188,234	377,768	342,689
Due to expenses not deductible for tax purposes and income not subject to income tax	(162,537)	(187,081)	(371,977)	(335,694)
Under provision in prior years	-	-	-	120
	810	1,153	5,791	7,115

B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

B6. REALISED AND UNREALISED PROFITS

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	14,806,868	14,047,882	2,131,626	1,801,801
- Unrealised	398,874	100,048	149,013	53,644
	15,205,742	14,147,930	2,280,639	1,855,445
Total share of retained earnings from associates				
- Realised	897,618	800,973	-	-
- Unrealised	292	788	-	-
Total share of retained earnings from joint ventures				
- Realised	96,340	93,529	-	-
- Unrealised	1,293	1,293	-	-
	16,201,285	15,044,513	2,280,639	1,855,445
Consolidation adjustments	(141,163)	(28,928)	-	-
Total group retained earnings as per consolidated financial statements	16,060,122	15,015,585	2,280,639	1,855,445

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group and the Company as at 30 September 2016 and 31 December 2015 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group and the Company. In addition, the unrealised retained profits of the Group and the Company as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

B7. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 September 2016 RM'000	31 December 2015 RM'000
Bonds, sukuk and debentures*		
Unsecured		
One year or less (short term)	3,409,065	4,510,945
More than one year (medium/long term)	5,374,932	6,766,231
	8,783,997	11,277,176

* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR3,885,000 million, HKD denominated bonds equivalent to HKD3,163 million, USD denominated bonds equivalent to USD683 million, THB denominated debentures equivalents to THB5,887 million, THB denominated notes equivalents to THB1,841 million, SGD denominated bonds equivalents to SGD120 million, AUD denominated bonds equivalents to AUD100 million, and CNY denominated notes equivalents to CNY480 million. IDR200,000 million and IDR400,000 million notes has been redeemed in February and April 2016 respectively. HKD430 million, HKD350 million, USD20 million, EUR30 million and HKD775 million bonds has been redeemed in January, March, April, May and August 2016, respectively.

	The Group		The Company	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Other borrowing				
Unsecured				
One year or less (short term)	3,699,566	3,025,436	409,296	1,156,939
More than one year (medium/long term)	5,382,040	6,011,688	3,787,265	3,515,670
	9,081,606	9,037,124	4,196,561	4,672,609
Subordinated obligations**				
Unsecured				
One year or less (short term)	1,811,546	1,452,160	-	-
More than one year (medium/long term)	12,644,458	12,242,731	5,073,070	3,992,277
	14,456,004	13,694,891	5,073,070	3,992,277

** Included in subordinated notes for current period are IDR denominated Subordinated Notes of IDR2,980,000 million and THB denominated Subordinated Notes of THB3,544 million. THB3,000 million notes has been redeemed in July 2016.

B8. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

B9. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,023,175	803,892	2,709,805	2,023,770
Weighted average number of ordinary shares in issue ('000)	8,728,856	8,489,787	8,643,512	8,461,242
Basic earnings per share (expressed in sen per share)	11.7	9.5	31.4	23.9

b) Diluted EPS

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.