

**CIMB GROUP HOLDINGS BERHAD**  
 (Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Note	The Group		The Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		26,709,687	29,318,830	587,828	59,573
Reverse repurchase agreements		5,315,287	9,714,112	-	-
Deposits and placements with banks and other financial institutions		2,307,968	1,829,482	-	-
Financial assets held for trading	A8	22,768,648	20,680,266	-	-
Derivative financial instruments	A23	12,006,184	11,708,849	-	74
Financial investments available-for-sale	A9	31,530,263	32,767,548	1,432,249	-
Financial investments held-to-maturity	A10	30,381,305	25,759,169	2,012,667	2,002,540
Loans, advances and financing	A11	315,372,898	290,295,664	-	-
Other assets	A12	16,525,138	17,666,142	632	440
Tax recoverable		64,338	70,042	37,921	35,687
Deferred tax assets		387,306	366,653	-	-
Statutory deposits with central banks		8,484,387	7,699,821	-	-
Amount owing by subsidiaries net of allowance of doubtful debts		-	-	1	-
Investment in subsidiaries		-	-	27,173,351	27,400,205
Investment in associates and joint ventures		251,341	1,037,448	3,834	3,834
Property, plant and equipment		2,140,479	2,403,016	1,491	1,629
Investment properties		-	1,120	435	453
Prepaid lease payments		113,929	125,402	-	-
Goodwill		8,472,340	8,297,486	-	-
Intangible assets		2,036,600	1,820,593	-	-
		<b>484,868,098</b>	<b>461,561,643</b>	<b>31,250,409</b>	<b>29,504,435</b>
Non-current assets held for sale		898,789	15,500	7,862	10,925
<b>TOTAL ASSETS</b>		<b>485,766,887</b>	<b>461,577,143</b>	<b>31,258,271</b>	<b>29,515,360</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A13	336,245,542	317,423,581	-	-
Placements from investment accounts	A14	254,408	232,716	-	-
Deposits and placements of banks and other financial institutions	A15	28,736,111	23,691,950	-	-
Repurchase agreements		4,397,454	8,527,463	-	-
Financial liabilities designated at fair value	A16	4,367,577	4,952,771	-	-
Derivative financial instruments	A23	12,137,592	12,139,849	-	-
Bills and acceptances payable		3,661,743	2,328,959	-	-
Other liabilities	A17	13,339,945	13,984,681	2,070	7,196
Recourse obligation on loans and financing sold to Cagamas		4,498,369	1,817,816	-	-
Amount owing to a subsidiary		-	-	-	6
Provision for taxation		341,487	213,278	-	-
Deferred tax liabilities		56,556	22,260	353	277
Bonds, sukuk and debentures	B7	7,635,784	11,277,176	-	-
Other borrowings	B7	9,289,859	9,037,124	4,060,493	4,672,609
Subordinated obligations	B7	13,725,302	13,694,891	5,399,121	3,992,277
<b>TOTAL LIABILITIES</b>		<b>438,687,729</b>	<b>419,344,515</b>	<b>9,462,037</b>	<b>8,672,365</b>
Ordinary share capital		8,868,384	8,527,272	8,868,384	8,527,272
Reserves		36,440,397	32,524,112	12,927,893	12,315,766
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		<b>45,308,175</b>	<b>41,050,778</b>	<b>21,796,234</b>	<b>20,842,995</b>
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,570,983	981,850	-	-
<b>TOTAL EQUITY</b>		<b>47,079,158</b>	<b>42,232,628</b>	<b>21,796,234</b>	<b>20,842,995</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>485,766,887</b>	<b>461,577,143</b>	<b>31,258,271</b>	<b>29,515,360</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A24	<b>817,569,941</b>	<b>883,583,439</b>	<b>-</b>	<b>500,000</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>5.11</b>	<b>4.81</b>	<b>2.46</b>	<b>2.44</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	Note	The Group			
		4th quarter ended		Twelve months ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	<b>4,878,585</b>	4,779,639	<b>18,826,017</b>	18,098,619
Interest expense	A19	<b>(2,233,770)</b>	(2,318,617)	<b>(9,000,091)</b>	(8,761,875)
Net interest income		<b>2,644,815</b>	2,461,022	<b>9,825,926</b>	9,336,744
Income from Islamic Banking operations	A28(c)	<b>427,931</b>	416,936	<b>1,704,043</b>	1,569,017
Net non-interest income	A20	<b>1,240,873</b>	1,166,658	<b>4,386,014</b>	4,488,892
		<b>4,313,619</b>	4,044,616	<b>15,915,983</b>	15,394,653
Gain on deemed disposal/disposal of subsidiaries and associates		<b>(495)</b>	(3,053)	<b>149,272</b>	1,137
Overheads	A21	<b>(2,230,953)</b>	(2,211,366)	<b>(8,651,690)</b>	(9,248,978)
Profit before allowances		<b>2,082,171</b>	1,830,197	<b>7,413,565</b>	6,146,812
Allowance made for impairment losses on loans, advances and financing	A22	<b>(751,593)</b>	(579,221)	<b>(2,408,883)</b>	(2,168,624)
Allowance written back/(made) for impairment losses on other receivables		<b>10,431</b>	(28,595)	<b>(87,160)</b>	(30,215)
Allowance made for commitments and contingencies		<b>(30,461)</b>	(552)	<b>(30,461)</b>	(9,935)
Allowance made for other impairment losses		<b>(115,622)</b>	(108,948)	<b>(118,605)</b>	(109,679)
		<b>1,194,926</b>	1,112,881	<b>4,768,456</b>	3,828,359
Share of results of joint ventures		<b>1,425</b>	6,058	<b>4,236</b>	(9,863)
Share of results of associates		<b>15,303</b>	13,222	<b>111,452</b>	95,497
Profit before taxation		<b>1,211,654</b>	1,132,161	<b>4,884,144</b>	3,913,993
Taxation and zakat	B4	<b>(333,233)</b>	(296,556)	<b>(1,251,187)</b>	(1,018,048)
Profit for the financial period		<b>878,421</b>	835,605	<b>3,632,957</b>	2,895,945
Profit for the financial period attributable to :					
Owners of the Parent		<b>854,385</b>	825,739	<b>3,564,190</b>	2,849,509
Non-controlling interests		<b>24,036</b>	9,866	<b>68,767</b>	46,436
		<b>878,421</b>	835,605	<b>3,632,957</b>	2,895,945
Earnings per share (sen):					
- Basic	B9(a)	<b>9.7</b>	9.7	<b>41.0</b>	33.6
- Fully diluted	B9(b)	<b>N/A</b>	N/A	<b>N/A</b>	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**  
**31 DECEMBER 2016**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Profit for the financial period	878,421	835,605	3,632,957	2,895,945
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	19,443	(757)	(28,134)	(757)
- Income tax effects	(4,527)	2,442	7,269	2,442
- Currency translation difference	(1,433)	73	(1,524)	(1,889)
	<b>13,483</b>	<b>1,758</b>	<b>(22,389)</b>	<b>(204)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(221,419)	363,430	299,400	(297,279)
- Net (loss)/gain from change in fair value	(284,568)	433,030	528,612	(121,825)
- Realised gain transferred to statement of income on disposal and impairment	48,682	(31,703)	(175,175)	(174,608)
- Income tax effects	45,791	(38,681)	(30,712)	6,676
- Currency translation difference	(31,324)	784	(23,325)	(7,522)
Net investment hedge	(297,984)	132,361	(228,739)	(1,012,280)
Hedging reserve - cash flow hedge	(9,430)	3,090	13,767	(14,151)
- Net (loss)/gain from change in fair value	(12,507)	4,359	19,698	(19,429)
- Income tax effects	3,077	(1,269)	(5,931)	5,278
Exchange fluctuation reserve	1,258,392	97,918	1,426,527	2,316,600
Share of other comprehensive income of associates and joint ventures	(2,039)	(13,340)	(859)	(8,956)
	<b>727,520</b>	<b>583,459</b>	<b>1,510,096</b>	<b>983,934</b>
Total other comprehensive income for the financial period, net of tax	<b>741,003</b>	<b>585,217</b>	<b>1,487,707</b>	<b>983,730</b>
Total comprehensive income for the financial period	<b>1,619,424</b>	<b>1,420,822</b>	<b>5,120,664</b>	<b>3,879,675</b>
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	<b>1,554,799</b>	<b>1,405,359</b>	<b>4,977,320</b>	<b>3,795,179</b>
Non-controlling interests	<b>64,625</b>	<b>15,463</b>	<b>143,344</b>	<b>84,496</b>
	<b>1,619,424</b>	<b>1,420,822</b>	<b>5,120,664</b>	<b>3,879,675</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	Note	The Company			
		4th quarter ended		Twelve months ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	44,694	11,016	153,609	39,947
Interest expense	A19	<b>(110,814)</b>	(80,683)	<b>(436,832)</b>	(311,275)
Net interest expense		<b>(66,120)</b>	(69,667)	<b>(283,223)</b>	(271,328)
Net non-interest income	A20	<b>4,961</b>	6,479	<b>1,804,543</b>	1,587,666
Overheads	A21	<b>(61,159)</b> <b>(2,331)</b>	(63,188) (6,722)	<b>1,521,320</b> <b>(10,777)</b>	1,316,338 (15,493)
Profit before allowances		<b>(63,490)</b>	(69,910)	<b>1,510,543</b>	1,300,845
Allowance made for other impairment losses		<b>(150,310)</b>	-	<b>(150,310)</b>	-
Profit before taxation		<b>(213,800)</b>	(69,910)	<b>1,360,233</b>	1,300,845
Taxation	B4	<b>1,773</b>	(4,263)	<b>(4,018)</b>	(11,378)
Profit for the financial period		<b>(212,027)</b>	(74,173)	<b>1,356,215</b>	1,289,467

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	The Company			
	4th quarter ended		Twelve months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period/ Total comprehensive income for the financial period	<b>(212,027)</b>	(74,173)	<b>1,356,215</b>	1,289,467
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	<b>12,769</b>	-	<b>25,406</b>	-
- Net gain from change in fair value	<b>12,769</b>	-	<b>25,406</b>	-
Other comprehensive income, net of tax	<b>12,769</b>	-	<b>25,406</b>	-
Total comprehensive income for the financial year	<b>(199,258)</b>	(74,173)	<b>1,381,621</b>	1,289,467

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**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

The Group 31 December 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
<b>At 1 January 2016</b>	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	-	-	-	-	-	-	-	-	-	-	3,564,190	3,564,190	-	68,767	3,632,957	
Other comprehensive income (net of tax)	-	-	479	-	1,361,794	-	-	286,813	(237,361)	1,405	-	1,413,130	-	74,577	1,487,707	
- financial investments available-for-sales	-	-	-	-	-	-	289,137	-	-	-	-	289,137	-	10,263	299,400	
- net investment hedge	-	-	-	-	-	-	-	(228,739)	-	-	-	(228,739)	-	-	(228,739)	
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	13,767	-	-	-	13,767	-	-	13,767	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	(22,389)	-	-	-	(22,389)	-	-	(22,389)	
- currency translation difference	-	-	479	-	1,360,329	-	-	-	1,405	-	-	1,362,213	-	64,314	1,426,527	
- share of other comprehensive income of associate and joint venture	-	-	-	-	1,465	-	(2,324)	-	-	-	-	(859)	-	-	(859)	
Total comprehensive income for the financial period	-	-	479	-	1,361,794	-	-	286,813	(237,361)	1,405	-	3,564,190	4,977,320	-	143,344	5,120,664
Dividend for the financial year ended 31 December 2015 - single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	(937,999)	(937,999)	-	-	(937,999)	
Dividend for the financial year ended 31 December 2016 - special interim dividend in specie	-	-	-	-	-	-	-	-	-	-	(205,048)	(205,048)	-	-	(205,048)	
Dividend for the financial year ended 31 December 2016 - single tier interim dividend	-	-	-	-	-	-	-	-	-	-	(698,309)	(698,309)	-	-	(698,309)	
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,574)	(21,574)	
Transfer to statutory reserve	-	-	135,800	-	-	-	-	-	-	-	(135,800)	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	299,957	(299,957)	-	-	-	-	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,510)	(14,510)	
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(295,928)	(295,928)	-	481,881	185,953	
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(8)	(8)	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share-based payment expense	-	-	-	-	-	-	-	-	55,104	-	-	55,104	-	-	55,104	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	102,526	(97,047)	-	-	5,479	-	-	5,479	
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	(56,196)	-	-	-	(56,196)	-	-	(56,196)	
Issuance of shares through dividend reinvestment scheme	341,112	1,071,862	-	-	-	-	-	-	-	-	-	1,412,974	-	-	1,412,974	
<b>At 31 December 2016</b>	<b>8,868,384</b>	<b>11,476,201</b>	<b>6,576,724</b>	<b>137,104</b>	<b>2,447,052</b>	<b>(563)</b>	<b>(43)</b>	<b>134,247</b>	<b>(1,710,752)</b>	<b>51,447</b>	<b>1,321,640</b>	<b>16,006,734</b>	<b>45,308,175</b>	<b>200,000</b>	<b>1,570,983</b>	<b>47,079,158</b>

\* denote RM478

**CIMB GROUP HOLDINGS BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

The Group 31 December 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	-	-	-	-	-	-	-	-	-	-	-	2,849,509	2,849,509	-	46,436	2,895,945
Other comprehensive income/(expense) (net of tax)	-	-	921	-	2,268,874	-	-	(302,413)	(1,026,634)	4,922	-	-	945,670	-	38,060	983,730
- financial investments available-for-sales	-	-	-	-	-	-	-	(293,930)	-	-	-	-	(293,930)	-	(3,349)	(297,279)
- net investment hedge	-	-	-	-	-	-	-	-	(1,012,280)	-	-	-	(1,012,280)	-	-	(1,012,280)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(14,150)	-	-	-	(14,150)	-	(1)	(14,151)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(204)	-	-	-	(204)	-	-	(204)
- currency translation difference	-	-	921	-	2,269,347	-	-	-	-	4,922	-	-	2,275,190	-	41,410	2,316,600
- share of other comprehensive income of associate and joint ventures	-	-	-	-	(473)	-	-	(8,483)	-	-	-	-	(8,956)	-	-	(8,956)
Total comprehensive income/(expense) for the financial period	-	-	921	-	2,268,874	-	-	(302,413)	(1,026,634)	4,922	-	2,849,509	3,795,179	-	84,496	3,879,675
Dividend for the financial year ended 31 December 2014 - single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(421,187)	(421,187)	-	-	(421,187)
Dividend for the financial year ended 31 December 2015 - single tier interim dividend	-	-	-	-	-	-	-	-	-	-	-	(254,694)	(254,694)	-	-	(254,694)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,625)	(2,625)
Transfer to statutory reserve	-	-	788,811	-	-	-	-	-	-	-	-	(788,811)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	427,888	(427,888)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,153	23,153
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,883)	(1,883)	-	14,863	12,980
Right issues of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,154	28,154
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,122	3,122
Purchase of treasury shares	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Share-based payment expense	-	-	-	-	-	-	-	-	-	93,077	-	-	93,077	-	-	93,077
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	125,270	(125,753)	-	-	(483)	-	-	(483)
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	103,521	431,274	-	-	-	-	-	-	-	-	-	-	534,795	-	-	534,795
At 31 December 2015	8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628

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 CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	
<b>The Company</b>							
<b>At 1 January 2016</b>	8,527,272	10,404,339	55,982	(43)	-	1,855,445	20,842,995
Profit for the financial period	-	-	-	-	-	1,356,215	1,356,215
Other comprehensive income (net of tax)	-	-	-	-	25,406	-	25,406
- financial investments available-for-sales	-	-	-	-	25,406	-	25,406
Total comprehensive income for the financial period	-	-	-	-	25,406	1,356,215	1,381,621
Second interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	(937,999)	(937,999)
Special interim dividend in specie for the financial year ended 31 December 2016	-	-	-	-	-	(205,048)	(205,048)
First interim dividend for the financial year ended 31 December 2016	-	-	-	-	-	(698,309)	(698,309)
Issuance of shares through dividend reinvestment scheme	341,112	1,071,862	-	-	-	-	1,412,974
Purchase of treasury shares	-	-	-	*	-	-	*
<b>At 31 December 2016</b>	<b>8,868,384</b>	<b>11,476,201</b>	<b>55,982</b>	<b>(43)</b>	<b>25,406</b>	<b>1,370,304</b>	<b>21,796,234</b>

\* 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	
<b>The Company</b>							
<b>At 1 January 2015</b>	8,423,751	9,973,065	55,982	(42)	-	1,241,859	19,694,615
Profit for the financial period	-	-	-	-	-	1,289,467	1,289,467
Total comprehensive income for the financial period	-	-	-	-	-	1,289,467	1,289,467
Second interim dividend for the financial year ended 31 December 2014	-	-	-	-	-	(421,187)	(421,187)
First interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	(254,694)	(254,694)
Issuance of shares through dividend reinvestment scheme	103,521	431,274	-	-	-	-	534,795
Purchase of treasury shares	-	-	-	(1)	-	-	(1)
<b>At 31 December 2015</b>	<b>8,527,272</b>	<b>10,404,339</b>	<b>55,982</b>	<b>(43)</b>	<b>-</b>	<b>1,855,445</b>	<b>20,842,995</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Profit before taxation	4,884,144	3,913,993	1,360,233	1,300,845
Adjustments for non-operating and non-cash items	<b>2,385,881</b>	2,118,677	<b>(1,630,651)</b>	(1,410,927)
Operating profit/(loss) before changes in working capital	<b>7,270,025</b>	6,032,670	<b>(270,418)</b>	(110,082)
Net changes in operating assets	<b>(26,482,811)</b>	(40,670,511)	<b>(191)</b>	13,364
Net changes in operating liabilities	<b>21,159,956</b>	34,832,150	<b>10,154</b>	2,332
	<b>(5,322,855)</b>	(5,838,361)	<b>9,963</b>	15,696
Cash flows generated from/(used in) operations	<b>1,947,171</b>	194,309	<b>(260,456)</b>	(94,386)
Taxation paid	<b>(1,103,631)</b>	(1,183,980)	<b>(6,177)</b>	(11,478)
Net cash flows generated from/(used in) operating activities	<b>843,540</b>	(989,671)	<b>(266,632)</b>	(105,864)
Net cash flows used in investing activities	<b>(3,302,546)</b>	(9,494,341)	<b>437,778</b>	(3,455,779)
Net cash flows (used in)/generated from financing activities	<b>(2,232,382)</b>	1,440,140	<b>357,109</b>	1,757,142
Net increase/(decrease) in cash and cash equivalents during the financial period	<b>(4,691,389)</b>	(9,043,872)	<b>528,255</b>	(1,804,501)
Effects of exchange rate changes	<b>2,082,246</b>	4,899,885	-	-
Cash and short-term funds at beginning of the financial period	<b>29,318,830</b>	33,462,817	<b>59,573</b>	1,864,074
<b>Cash and short-term funds at end of the financial period</b>	<b>26,709,687</b>	29,318,830	<b>587,828</b>	59,573
Statutory deposits with Bank Indonesia*	<b>(4,452,880)</b>	(4,547,670)	-	-
Monies held in trust	<b>(27,832)</b>	(28,396)	-	-
<b>Cash and cash equivalents at end of the financial period</b>	<b>22,228,975</b>	24,742,764	<b>587,828</b>	59,573

\* 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 year ended 31 December 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 year ended 31 December 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 31 December 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 ended 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 Berhad, issued RM630 million Sukuk.

(o) On 21 September 2016, CIMB Islamic Bank Berhad 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.

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

(p) On 3 November 2016, CIMB Niaga issued unsecured IDR1,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR432,000 million, IDR386,000 million and IDR182,000 million respectively, with fixed interest rate of 7.25%, 8.00% and 8.25% per annum respectively.

(q) 16 December 2016, the Company issued a nominal value RM400 million 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 5.50% 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.

(r) On 27 December 2016, CIMB Bank Berhad has early redeemed its RM1 billion Non-Innovative Tier-1 subordinated bonds.

(s) On 19 January 2017, the Board of Director of CIMB Thai passed a resolution approving the increase of CIMB Thai's registered capital in an amount of THB2,752,747,964 from the current registered capital of THB12,387,365,839.50 to THB15,140,113,803.50 by means of the issuance of 5,505,495,928 new ordinary shares at the par value of Baht 0.50 per share.

### **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. The distribution was completed on 30 August 2016.

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 ended 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.

The Directors have proposed a single tier second interim dividend of 12.00 sen per ordinary share, on 8,868,379,268 ordinary shares amounting to RM1,064 million in respect of financial year ended 31 December 2016 under DRS. The DRS shall apply to the entire second interim dividend.

### **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.

(d) On 30 December 2016, CIMB Bank Berhad, a 99.99% subsidiary of CIMB Group Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had entered into a Share Transfer Agreement to sell its 18.21% stake in the Bank of Yingkou Co., Ltd. ("BYK") to Shanghai Guozhijie Investment Development Co., Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million).

#### **A6. EVENTS DURING THE REPORTING PERIOD**

(a) 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.

(b) On 23 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's subsidiary in Hanoi was operational by December 2016.

(c) On 16 December 2016, CIMB RE, a wholly-owned subsidiary of CIMB Group Sdn Bhd, which in turn is a wholly-owned subsidiary of CIMBGH, has completed the disposal of 576,000 ordinary shares in CIMB Trustcapital Advisors Singapore Pte. Ltd. ("CIMB-TCA"), representing 60% of the total issued and paid ordinary shares of CIMB-TCA to key business executives and employee trust of CIMB-TCA and disposal of 100 ordinary shares in CIMB-Trustcapital AOF1 GP Pte. Ltd. ("AOF1 GP"), representing 100% of the total issued and paid ordinary shares of AOF1 GP to CIMB-TCA. The Disposals are in line with CIMBGH's aspirations to further streamline and focus on its core banking businesses. Both CIMB-TCA and AOF1 GP have ceased to be indirect subsidiaries of CIMBGH following the completion of the Disposals.

Simultaneously, CIMB Bank also completed the disposal of its 12.42% interest in CIMB-TrustCapital Australian Office Fund No. 1 LP and 13.70% interest in CIMB-TrustCapital Australian Office Trust No. 2 to Employees Provident Fund Board ("EPF") for AUD37.1 million (approximately RM122.8 million) on 16 December 2016.

#### **A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There is no significant events that had occurred between 31 December 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	
	31 December 2016	31 December 2015
	RM'000	RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	651,044	634,713
Cagamas bonds	155,954	45,925
Malaysian Government treasury bills	184,701	47,739
Bank Negara Malaysia Monetary Notes	-	20,914
Negotiable instruments of deposit	5,746,031	4,747,035
Other Government securities	2,722,901	982,119
Other Government treasury bills	6,613,654	4,937,468
Commercial papers	14,864	506,398
Government Investment Issues	88,842	437,313
	<b>16,177,991</b>	<b>12,359,624</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	445,965	207,898
<i>Outside Malaysia:</i>		
Shares	529,159	278,632
Corporate bond and Sukuk	169,861	269,294
Other Government bonds	1,002,564	1,429,965
Investment linked funds	82,132	546,519
	<b>2,229,681</b>	<b>2,732,308</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Corporate bond and Sukuk	1,927,113	1,761,728
Shares	1	1
<i>Outside Malaysia:</i>		
Corporate bond and Sukuk	2,255,412	3,669,221
Private equity funds	178,450	157,384
	<b>4,360,976</b>	<b>5,588,334</b>
Total financial assets held for trading	<b>22,768,648</b>	<b>20,680,266</b>

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	The Group		The Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	492,289	457,708	-	-
Cagamas bonds	127,295	207,300	-	-
Khazanah bonds	167,700	328,709	-	-
Other Government securities	1,433,272	1,205,749	-	-
Government Investment Issues	202,788	496,811	-	-
Commercial papers	49,727	-	-	-
Negotiable instruments of deposit	597,838	258,112	-	-
Malaysian Government Sukuk	29,622	44,168	-	-
	<b>3,100,531</b>	<b>2,998,557</b>	<b>-</b>	<b>-</b>
<b>Quoted securities:</b>				
<i>In Malaysia:</i>				
Shares	167,493	158,983	-	-
<i>Outside Malaysia:</i>				
Shares	83,529	82,235	-	-
Corporate bond and Sukuk	1,872,670	1,943,853	-	-
Other Government bonds	3,480,792	2,562,693	-	-
Unit trusts	25,983	24,862	-	-
	<b>5,630,467</b>	<b>4,772,626</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	13,118,868	13,944,324	1,432,249	-
Shares	1,138,312	1,113,614	-	-
Loan stocks	10,087	10,211	-	-
Property funds	350	325	-	-
Unit trusts	5,017	-	-	-
<i>Outside Malaysia:</i>				
Shares	52,846	55,384	-	-
Private equity funds and unit trust funds	504,091	488,326	-	-
Corporate bond and Sukuk	8,468,080	9,845,964	-	-
Loan stocks	1,445	1,930	-	-
	<b>23,299,096</b>	<b>25,460,078</b>	<b>1,432,249</b>	<b>-</b>
	<b>32,030,094</b>	<b>33,231,261</b>	<b>1,432,249</b>	<b>-</b>
<b>Allowance for impairment losses:</b>				
Corporate bond	(30,487)	(60,306)	-	-
Private equity funds	(145,715)	(84,006)	-	-
Quoted shares	(138,256)	(134,160)	-	-
Unquoted shares	(174,922)	(174,683)	-	-
Unit trusts	(364)	(347)	-	-
Loan stocks	(10,087)	(10,211)	-	-
	<b>(499,831)</b>	<b>(463,713)</b>	<b>-</b>	<b>-</b>
Total financial investments available-for-sale	<b>31,530,263</b>	<b>32,767,548</b>	<b>1,432,249</b>	<b>-</b>

**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	The Group		The Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	2,122,657	1,674,626	-	-
Cagamas bonds	267,938	267,966	-	-
Other Government securities	1,499,993	2,071,925	-	-
Other Government treasury bills	20,089	19,699	-	-
Bank Negara Malaysia Monetary Notes	-	2,558	-	-
Khazanah bonds	446,155	391,667	-	-
Government Investment Issues	7,035,108	6,062,711	-	-
	<b>11,391,940</b>	10,491,152	-	-
<b>Quoted securities</b>				
<i>Outside Malaysia</i>				
Corporate bond	217,481	204,518	-	-
Islamic bonds	8,355	7,797	-	-
Other Government bonds	2,363,526	1,531,991	-	-
Bank Indonesia certificates	158,899	248,058	-	-
	<b>2,748,261</b>	1,992,364	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Corporate bond	13,665,073	10,526,121	2,012,667	2,002,540
Loan stocks	7,020	7,020	-	-
	<b>16,247,746</b>	13,311,376	<b>2,012,667</b>	2,002,540
<i>Outside Malaysia</i>				
Corporate bond	2,575,653	2,778,235	-	-
	<b>16,247,746</b>	13,311,376	<b>2,012,667</b>	2,002,540
	<b>30,387,947</b>	25,794,892	<b>2,012,667</b>	2,002,540
Amortisation of premium, net of accretion of discount	6,283	(23,150)	-	-
Less : Allowance for impairment losses	(12,925)	(12,573)	-	-
Total financial investments held-to-maturity	<b>30,381,305</b>	25,759,169	<b>2,012,667</b>	2,002,540

## A11. LOANS, ADVANCES AND FINANCING

### (i) By type

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
<b>At amortised cost</b>		
Overdrafts	5,363,185	5,504,852
Term loans/financing		
- Housing loans/financing	81,362,800	73,580,261
- Syndicated term loans	20,564,303	17,030,250
- Hire purchase receivables	19,987,998	20,443,916
- Lease receivables	139,939	166,884
- Factoring receivables	38,594	48,114
- Other term loans/financing	121,719,863	112,553,750
Bills receivable	6,555,064	6,463,208
Trust receipts	1,704,124	2,008,748
Claims on customers under acceptance credits	4,850,336	4,498,597
Staff loans *	1,287,433	1,094,875
Credit card receivables	9,823,080	8,842,990
Revolving credits	48,796,358	43,930,344
Share margin financing	1,523,475	1,652,830
Other loans	3,007	2,525
Gross loans, advances and financing	323,719,559	297,822,144
Fair value changes arising from fair value hedge	149,815	164,694
	323,869,374	297,986,838
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,735,298)	(4,256,108)
- Portfolio impairment allowance	(3,761,178)	(3,435,066)
	(8,496,476)	(7,691,174)
<b>Total net loans, advances and financing</b>	<b>315,372,898</b>	<b>290,295,664</b>

\* Included in staff loans of the Group are loans to Directors amounting to RM54,800,014 (2015: RM19,853,473).

(a) Included in the Group's loans, advances and financing balances are RM45 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 RM4,648 million (2015: RM4,880 million), using interest rate swaps.



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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Domestic banking institutions	46,082	383,801
Domestic non-bank financial institutions		
- stockbroking companies	3	-
- others	3,086,790	3,100,402
Domestic business enterprises		
- small medium enterprises	50,051,753	45,847,011
- others	60,688,463	55,572,380
Government and statutory bodies	9,857,704	8,852,539
Individuals	154,666,779	142,293,811
Other domestic entities	4,337,367	3,223,190
Foreign entities	40,984,618	38,549,010
Gross loans, advances and financing	<b>323,719,559</b>	<b>297,822,144</b>

**(iii) By interest/profit rate sensitivity**

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,845,154	2,153,840
- Hire-purchase receivables	11,361,142	10,497,253
- Other fixed rate loans	39,725,012	41,669,712
Variable rate		
- BLR plus	150,723,542	145,038,101
- Cost plus	42,368,628	36,282,400
- Other variable rates	76,696,081	62,180,838
Gross loans, advances and financing	<b>323,719,559</b>	<b>297,822,144</b>

**(iv) By economic purpose**

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Personal use	12,429,682	10,608,443
Credit card	9,823,080	8,842,990
Purchase of consumer durables	100,997	109,330
Construction	11,877,324	9,327,917
Residential property (Housing)	84,219,483	76,837,715
Non-residential property	24,822,758	24,525,498
Purchase of fixed assets other than land and building	18,160,304	15,919,886
Mergers and acquisitions	4,600,566	3,617,161
Purchase of securities	26,587,098	27,168,120
Purchase of transport vehicles	22,720,915	23,296,590
Working capital	86,641,012	78,972,667
Other purposes	21,736,340	18,595,827
Gross loans, advances and financing	<b>323,719,559</b>	<b>297,822,144</b>

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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Malaysia	181,699,039	166,409,058
Indonesia	65,314,761	59,956,700
Thailand	30,454,951	28,996,518
Singapore	30,694,519	29,434,533
United Kingdom	4,331,749	2,686,317
Hong Kong	2,204,945	1,210,542
China	1,956,349	2,327,067
Other countries	7,063,246	6,801,409
Gross loans, advances and financing	<u>323,719,559</u>	<u>297,822,144</u>

**(vi) By residual contractual maturity**

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Within one year	74,087,837	68,475,753
One year to less than three years	39,229,772	36,627,785
Three years to less than five years	35,849,237	35,403,399
Five years and more	174,552,713	157,315,207
Gross loans, advances and financing	<u>323,719,559</u>	<u>297,822,144</u>

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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Personal use	346,573	265,698
Credit card	260,232	168,730
Purchase of consumer durables	329	228
Construction	1,268,991	1,335,050
Residential property (Housing)	1,596,083	1,436,177
Non-residential property	265,796	214,972
Purchase of fixed assets other than land and building	1,309,408	911,108
Purchase of securities	172,356	186,946
Purchase of transport vehicles	369,322	393,839
Working capital	4,115,409	3,450,245
Other purpose	940,840	718,766
Gross impaired loans, advances and financing	<u>10,645,339</u>	<u>9,081,759</u>

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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Malaysia	3,716,471	3,735,122
Indonesia	4,154,621	3,750,452
Thailand	2,127,898	1,352,567
Singapore	438,360	112,545
United Kingdom	4,855	2,838
China	67,095	64,860
Other countries	136,039	63,375
Gross impaired loans, advances and financing	<u>10,645,339</u>	<u>9,081,759</u>

**A11. LOANS, ADVANCES AND FINANCING (Continued)**

**(ix) Movements in impaired loans**

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
At 1 January	9,081,759	8,182,689
Classified as impaired during the year	6,641,453	5,213,976
Reclassified as not impaired during the year	(2,356,374)	(1,789,331)
Amount written back in respect of recoveries	(995,260)	(1,086,947)
Amount written off	(2,279,957)	(1,504,546)
Sale of impaired loans	-	(337,401)
Exchange fluctuation	553,718	403,319
At 31 December	<b>10,645,339</b>	<b>9,081,759</b>
Ratio of gross impaired loans to gross loans, advances and financing	<b>3.29%</b>	<b>3.05%</b>

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

	The Group	
	31 December 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 year	1,351,850	1,053,963
Amount written off	(1,052,020)	(664,920)
Amount transferred to portfolio impairment allowance	(11,402)	(6,876)
Allowance for Impaired loan disposed to third party	-	(42,825)
Unwinding income	(9,274)	6,384
Exchange fluctuation	200,036	319,133
At 31 December	<b>4,735,298</b>	<b>4,256,108</b>
<u>Portfolio impairment allowance</u>		
At 1 January	3,435,066	3,174,060
Net allowance made during the year	1,399,726	1,436,518
Amount transferred from individual impairment allowance	11,402	6,876
Amount written off	(1,208,889)	(1,153,503)
Unwinding income	(52,341)	(40,662)
Allowance for Impaired loan disposed to third party	-	(85,802)
Exchange fluctuation	176,214	97,579
At 31 December	<b>3,761,178</b>	<b>3,435,066</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	<b>1.64%</b>	<b>1.56%</b>

**A12. OTHER ASSETS**

	The Group		The Company	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Due from brokers and clients net of allowance for doubtful debts	4,599,166	3,709,795	-	-
Other debtors, deposits and prepayments, net of allowance for doubtful debts	3,433,551	4,184,508	632	440
Due from a joint venture	1,197,832	1,237,928	-	-
Due from insurers, brokers and reinsurers	-	3,556	-	-
Structured financing	1,997,845	2,279,166	-	-
Foreclosed assets net of allowance for impairment losses	300,527	404,142	-	-
Collateral for securities lending	189,851	463,326	-	-
Collateral pledged for derivative transactions	4,806,366	5,383,721	-	-
	<b>16,525,138</b>	<b>17,666,142</b>	<b>632</b>	<b>440</b>

**A13. DEPOSITS FROM CUSTOMERS**

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
<u>By type of deposit</u>		
Demand deposits	73,468,034	67,912,293
Savings deposits	47,032,189	41,260,084
Fixed deposits	146,811,268	144,893,890
Negotiable instruments of deposit	1,301,247	1,596,448
Others	67,632,804	61,760,866
	<b>336,245,542</b>	<b>317,423,581</b>

By type of customer

Government and statutory bodies	11,325,217	9,359,302
Business enterprises	117,053,946	123,960,968
Individuals	144,858,146	127,373,004
Others	63,008,233	56,730,307
	<b>336,245,542</b>	<b>317,423,581</b>

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

Due within six months	125,645,244	118,232,932
Six months to less than one year	18,321,637	24,158,631
One year to less than three years	3,315,225	2,525,301
Three years to less than five years	823,792	1,002,774
Five years and more	6,617	570,700
	<b>148,112,515</b>	<b>146,490,338</b>

**A14. PLACEMENTS FROM INVESTMENT ACCOUNTS**

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
Unrestricted investment accounts	254,408	232,716

#### A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Licensed banks	24,720,127	17,814,252
Licensed finance companies	892,184	1,246,197
Licensed investment banks	19,263	720,097
Bank Negara Malaysia	51,747	165,547
Other financial institutions	3,052,790	3,745,857
	<b>28,736,111</b>	<b>23,691,950</b>

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

Due within six months	25,251,595	18,469,624
Six months to less than one year	2,816,063	3,909,385
One year to less than three years	196,249	918,419
Three years to less than five years	154,196	102,585
Five years and more	318,008	291,937
	<b>28,736,111</b>	<b>23,691,950</b>

#### A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Deposits from customers - structured investments	2,006,644	3,047,985
Bills payables	807,881	924,583
Debentures	1,553,052	980,203
	<b>4,367,577</b>	<b>4,952,771</b>

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 31 December 2016 of financial liabilities designated at fair value were RM431,079,000 (2015: RM567,569,000) lower than the contractual amount at maturity for the structured investments, RM12,538,000 (2015: RM18,606,000) lower than the contractual amount at maturity for the debentures and RM182,391,000 (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	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	4,107,351	3,219,671	-	-
Expenditure payable	2,065,129	2,024,324	2,069	6,702
Provision for legal claims	65,601	62,133	-	-
Sundry creditors	1,495,400	1,704,889	1	1
Insurance fund - life and takaful insurance business	-	70,249	-	-
Allowance for commitments and contingencies	43,169	9,219	-	-
Post employment benefit obligations	467,151	468,081	-	-
Credit card expenditure payable	212,089	172,033	-	-
Collateral received for derivative transactions	3,148,558	3,161,566	-	-
Unit link contract liabilities	-	512,039	-	-
Collateral for securities borrowings	10,559	669,469	-	-
Others	1,724,938	1,911,008	-	493
	<b>13,339,945</b>	<b>13,984,681</b>	<b>2,070</b>	<b>7,196</b>

## A18. INTEREST INCOME

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Loans, advances and financing				
- Interest income	3,968,785	3,914,478	15,296,878	14,760,286
- Unwinding income <sup>^</sup>	36,291	13,271	112,277	63,949
Money at call and deposit placements with financial institutions	139,584	120,168	534,289	488,308
Reverse repurchase agreements	36,343	37,989	174,652	147,610
Financial assets held for trading	119,611	114,951	452,178	460,139
Financial investments available-for-sale	309,442	346,657	1,230,462	1,391,453
Financial investments held-to-maturity	267,500	234,619	1,036,976	803,473
Others	11,590	5,800	34,197	25,599
	<b>4,889,146</b>	<b>4,787,933</b>	<b>18,871,909</b>	<b>18,140,817</b>
Accretion of discounts, net of amortisation of premiums	(10,561)	(8,294)	(45,892)	(42,198)
	<b>4,878,585</b>	<b>4,779,639</b>	<b>18,826,017</b>	<b>18,098,619</b>

### The Company

Money at call and deposit placements with financial institutions	7,159	8,476	18,242	37,407
Financial investments available-for-sale	15,583	-	36,082	-
Financial investments held-to-maturity	26,076	2,540	103,409	2,540
	<b>48,818</b>	<b>11,016</b>	<b>157,733</b>	<b>39,947</b>
Accretion of discounts, net of amortisation of premiums	(4,124)	-	(4,124)	-
	<b>44,694</b>	<b>11,016</b>	<b>153,609</b>	<b>39,947</b>

<sup>^</sup> Unwinding income is interest income earned on impaired financial assets

## A19. INTEREST EXPENSE

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	73,372	98,074	261,805	417,327
Deposits from other customers	1,654,987	1,725,924	6,644,427	6,455,322
Repurchase agreements	33,764	65,758	198,741	184,840
Bonds and debentures	76,119	80,022	295,401	312,010
Subordinated obligations	238,313	172,594	906,572	653,717
Financial liabilities designated at fair value	28,269	35,810	124,289	124,505
Negotiable certificates of deposits	48,174	41,097	217,928	181,282
Other borrowings	41,697	95,390	218,877	369,142
Recourse obligation on loan and financing sold to Cagamas	30,657	5,591	110,491	5,591
Others	8,418	(1,643)	21,560	58,139
	<b>2,233,770</b>	<b>2,318,617</b>	<b>9,000,091</b>	<b>8,761,875</b>
<b>The Company</b>				
Subordinated obligations	76,541	37,535	278,585	143,384
Other borrowings	34,273	43,148	158,247	167,891
	<b>110,814</b>	<b>80,683</b>	<b>436,832</b>	<b>311,275</b>

**A20. NET NON-INTEREST INCOME**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
(a) Net fee income and commission income:				
Commissions	238,836	206,481	875,280	771,850
Fee on loans, advances and financing	212,292	116,518	582,133	560,215
Portfolio management fees	7,044	8,541	24,261	25,358
Service charges and fees	172,019	167,238	667,196	656,866
Corporate advisory and arrangement fees	15,168	31,250	51,198	105,965
Guarantee fees	21,899	15,275	66,553	67,680
Other fee income	98,296	65,789	283,655	308,341
Placement fees	3,950	11,226	19,002	28,190
Underwriting commission	7,589	6,865	15,226	28,392
Fee and commission income	777,093	629,183	2,584,504	2,552,857
Fee and commission expense	(210,827)	(157,976)	(648,159)	(583,946)
Net fee and commission income	566,266	471,207	1,936,345	1,968,911
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	10,247	6,882	44,108	51,080
- Financial investments available-for-sale	4,604	9,606	18,237	18,815
<i>Outside Malaysia</i>				
- Financial assets held for trading	98	584	3,061	5,617
- Financial investments available-for-sale	1,038	602	2,301	5,939
	15,987	17,674	67,707	81,451
(c) Net (loss)/gain arising from financial assets held for trading	(289,478)	(31,375)	(48,551)	(769,857)
- realised ^	(56,706)	(93,128)	(153,409)	(248,353)
- unrealised	(232,772)	61,753	104,858	(521,504)
(d) Net gain arising from derivative financial instruments	1,311,534	609,164	2,134,348	2,454,934
- realised	643,861	437,691	1,673,883	736,695
- unrealised	667,673	171,473	460,465	1,718,239
(e) Net gain/(loss) arising from financial liability designated at fair value	174,893	(181,444)	(229,823)	(111,799)
- realised	(3,791)	(22,304)	(10,391)	(40,496)
- unrealised	178,684	(159,140)	(219,432)	(71,303)
(f) Net (loss)/gain arising from hedging activities	(3,120)	(8,073)	(24,432)	27,616
(g) Net gain from sale of financial investments available-for-sale	52,612	29,829	204,925	172,347
(h) Net (loss)/gain from redemption of financial investment held-to-maturity	-	-	(6)	16
(i) Income from assets management and securities services	87,902	75,557	314,954	313,436
(j) Brokerage income	90,083	98,196	359,591	440,232
(k) Other non-interest income:				
Foreign exchange loss	(884,579)	(20,750)	(642,461)	(381,104)
Rental income	5,538	7,519	28,843	24,197
Gain on disposal of property, plant and equipment/ assets held for sale	9,492	3,456	11,661	4,475
Gain on disposal of leased assets	181	85	181	85
Gain from distribution from joint ventures	-	14,824	-	14,824
Loss on revaluation of investment properties	-	(2,880)	-	(2,880)
Underwriting surplus before management expenses	-	7,740	6,020	20,066
Loss on disposal of foreclosed properties	(16,297)	(11,591)	(27,361)	(27,326)
Other non-operating income	119,859	87,520	294,073	259,268
	(765,806)	85,923	(329,044)	(88,395)
Total other operating income	1,240,873	1,166,658	4,386,014	4,488,892

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

**A20. NET NON-INTEREST INCOME (CONTINUED)**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Subsidiaries	-	-	1,982,412	1,581,503
- Associates	929	-	929	-
	929	-	1,983,341	1,581,503
(d) Net gain/(loss) arising from derivative financial instruments				
- realised	-	177	75	376
- unrealised	-	82	(74)	(404)
	-	259	1	(28)
(k) Other non-interest income:				
Foreign exchange (loss)/gain	(93)	185	(4)	(107)
Rental income	71	71	284	284
Gain on disposal of property, plant and equipment/assets held for sale	3,987	-	3,987	50
Loss on redemption of redeemable preference shares	-	-	(183,133)	-
Other non-operating income	67	5,964	67	5,964
	4,032	6,220	(178,799)	6,191
	4,961	6,479	1,804,543	1,587,666

**A21. OVERHEADS**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, allowances and bonus	992,279	957,812	3,846,875	3,871,356
- Pension cost	101,889	88,460	378,207	361,975
- Mutual separation scheme	-	32,385	-	482,792
- Overtime	7,722	8,300	30,981	29,217
- Staff incentives and other staff payments	45,794	20,123	245,866	194,024
- Medical expenses	28,726	29,781	108,505	106,286
- Others	61,176	57,241	210,225	276,308
	1,237,586	1,194,102	4,820,659	5,321,958
Establishment costs				
- Depreciation of property, plant and equipment	79,171	91,612	325,874	354,014
- Impairment of property, plant and equipment	-	1,094	-	1,094
- Amortisation of prepaid lease payments	2,859	2,896	11,332	11,215
- Rental	144,142	139,201	516,354	588,814
- Repair and maintenance	114,267	107,833	489,042	470,294
- Outsourced services	71,567	57,908	266,923	284,179
- Security expenses	29,273	31,430	121,678	125,779
- Others	43,665	54,209	196,462	212,121
	484,944	486,183	1,927,665	2,047,510
Marketing expenses				
- Sales commission	2,359	2,278	8,191	6,917
- Advertisement	53,857	62,990	230,262	262,954
- Others	17,491	23,105	73,155	89,282
	73,707	88,373	311,608	359,153
Administration and general expenses				
- Amortisation of intangible assets	94,158	107,616	349,976	340,159
- Legal and professional fees	53,606	57,393	175,599	201,842
- Stationery	16,371	17,853	60,925	61,348
- Communication	29,954	32,745	113,929	115,729
- Incidental expenses on banking operations	12,488	13,625	48,780	46,151
- Insurance	70,191	68,732	276,091	263,302
- Others	157,948	144,744	566,458	491,826
	434,716	442,708	1,591,758	1,520,357
	2,230,953	2,211,366	8,651,690	9,248,978



**A21. OVERHEADS (CONTINUED)**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Personnel costs				
- Staff incentives and other staff payments	-	-	3,509	6
- Others	5	5	6	5
	5	5	3,515	11
Establishment costs				
- Depreciation of property, plant and equipment	(27)	41	138	497
- Depreciation of investment properties	4	4	18	18
- Repair and maintenance	9	47	27	115
- Others	1	2	70	174
	(13)	94	253	804
Marketing expenses				
- Advertisement	-	-	-	11
- Others	-	3	3	6
	-	3	3	17
Administration and general expenses				
- Legal and professional fees	1,305	6,237	4,555	9,138
- Communication	3	-	5	-
- Others	1,031	383	2,446	5,523
	2,339	6,620	7,006	14,661
	2,331	6,722	10,777	15,493

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

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	471,098	275,888	1,351,850	1,053,963
- Portfolio impairment allowance	374,941	387,423	1,399,726	1,436,518
Impaired loans, advances and financing:				
- recovered	(98,890)	(92,882)	(359,051)	(376,973)
- written off	4,444	8,792	16,358	55,116
	751,593	579,221	2,408,883	2,168,624

## 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 31 December 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
<b>Trading derivatives</b>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>26,790,129</b>	<b>784,615</b>	<b>(931,449)</b>	-	-	-
- Less than 1 year	23,585,425	715,117	(387,623)	-	-	-
- 1 year to 3 years	2,147,931	46,597	(299,913)	-	-	-
- More than 3 years	1,056,773	22,901	(243,913)	-	-	-
Currency swaps	<b>157,975,307</b>	<b>1,743,656</b>	<b>(1,579,208)</b>	-	-	-
- Less than 1 year	155,783,003	1,691,985	(1,521,620)	-	-	-
- 1 year to 3 years	1,412,137	50,206	(34,427)	-	-	-
- More than 3 years	780,167	1,465	(23,161)	-	-	-
Currency spot	<b>3,088,239</b>	<b>5,456</b>	<b>(2,964)</b>	-	-	-
- Less than 1 year	3,088,239	5,456	(2,964)	-	-	-
Currency options	<b>21,015,778</b>	<b>545,674</b>	<b>(572,324)</b>	-	-	-
- Less than 1 year	12,931,110	283,550	(323,530)	-	-	-
- 1 year to 3 years	838,723	37,932	(42,281)	-	-	-
- More than 3 years	7,245,945	224,192	(206,513)	-	-	-
Cross currency interest rate swaps	<b>67,587,097</b>	<b>4,741,311</b>	<b>(4,845,664)</b>	-	-	-
- Less than 1 year	19,048,440	1,036,895	(681,236)	-	-	-
- 1 year to 3 years	21,714,304	1,468,501	(2,310,831)	-	-	-
- More than 3 years	26,824,353	2,235,915	(1,853,597)	-	-	-
	<b>276,456,550</b>	<b>7,820,712</b>	<b>(7,931,609)</b>	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	<b>358,599,763</b>	<b>2,714,322</b>	<b>(2,029,719)</b>	-	-	-
- Less than 1 year	135,743,352	146,710	(151,805)	-	-	-
- 1 year to 3 years	95,995,983	791,409	(549,879)	-	-	-
- More than 3 years	126,860,428	1,776,203	(1,328,035)	-	-	-
Interest rate futures	<b>7,046,879</b>	<b>8,574</b>	<b>(9,312)</b>	-	-	-
- Less than 1 year	4,959,283	8,568	(7,516)	-	-	-
- 1 year to 3 years	1,300,940	6	(1,165)	-	-	-
- More than 3 years	786,656	-	(631)	-	-	-
Interest rate options	<b>62,135</b>	<b>14</b>	<b>(14)</b>	-	-	-
- Less than 1 year	62,011	13	(13)	-	-	-
- More than 3 years	124	1	(1)	-	-	-
	<b>365,708,777</b>	<b>2,722,910</b>	<b>(2,039,045)</b>	-	-	-
<u>Equity related derivatives</u>						
Equity futures	<b>265,830</b>	<b>1,219</b>	<b>(2,444)</b>	-	-	-
- Less than 1 year	265,830	1,219	(2,444)	-	-	-
Equity options	<b>9,974,663</b>	<b>145,919</b>	<b>(198,893)</b>	-	-	-
- Less than 1 year	2,608,354	57,439	(168,930)	-	-	-
- 1 year to 3 years	6,883,259	80,800	(22,297)	-	-	-
- More than 3 years	483,050	7,680	(7,666)	-	-	-
Equity swaps	<b>740,684</b>	<b>1,675</b>	<b>(7,391)</b>	-	-	-
- Less than 1 year	54,316	-	(5,700)	-	-	-
- More than 3 years	686,368	1,675	(1,691)	-	-	-
	<b>10,981,177</b>	<b>148,813</b>	<b>(208,728)</b>	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group			The Company		
	Principal amount	Fair values		Principal amount	Fair values	
	RM'000	Assets	Liabilities	RM'000	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Trading derivatives</b>						
<u>Commodity related derivatives</u>						
Commodity swaps	<b>3,684,103</b>	<b>320,888</b>	<b>(514,252)</b>	-	-	-
- Less than 1 year	3,054,547	272,582	(366,043)	-	-	-
- 1 year to 3 years	629,556	48,306	(148,209)	-	-	-
Commodity futures	<b>6,472,099</b>	<b>405,180</b>	<b>(191,328)</b>	-	-	-
- Less than 1 year	5,603,437	341,747	(176,720)	-	-	-
- 1 year to 3 years	868,662	63,433	(14,608)	-	-	-
Commodity options	<b>4,202,954</b>	<b>227,122</b>	<b>(205,748)</b>	-	-	-
- Less than 1 year	4,180,748	222,255	(189,004)	-	-	-
- 1 year to 3 years	22,206	4,867	(16,744)	-	-	-
	<b>14,359,156</b>	<b>953,190</b>	<b>(911,328)</b>	-	-	-
<u>Credit related contract</u>						
Credit default swaps	<b>6,646,528</b>	<b>56,699</b>	<b>(66,141)</b>	-	-	-
- Less than 1 year	2,167,497	17,909	(16,607)	-	-	-
- 1 year to 3 years	408,849	4,269	(2,908)	-	-	-
- More than 3 years	4,070,182	34,521	(46,626)	-	-	-
Total return swaps	<b>1,318,600</b>	<b>6,331</b>	<b>(37,090)</b>	-	-	-
- Less than 1 year	1,009,350	348	(29,613)	-	-	-
- More than 3 years	309,250	5,983	(7,477)	-	-	-
	<b>7,965,128</b>	<b>63,030</b>	<b>(103,231)</b>	-	-	-
<u>Bond contract</u>						
Bond Forward	<b>265,216</b>	<b>14,388</b>	<b>(429)</b>	-	-	-
- Less than 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,573	4,348	(429)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	<b>31,182,045</b>	<b>115,783</b>	<b>(396,530)</b>	-	-	-
- Less than 1 year	5,118,165	18,994	(4,057)	-	-	-
- 1 year to 3 years	4,883,066	4,785	(80,897)	-	-	-
- More than 3 years	21,180,814	92,004	(311,576)	-	-	-
Currency forward	<b>129,976</b>	<b>78</b>	<b>-</b>	-	-	-
- Less than 1 year	129,976	78	-	-	-	-
Currency swaps	<b>4,971,124</b>	<b>60,331</b>	<b>(163,051)</b>	-	-	-
- Less than 1 year	4,971,124	60,331	(163,051)	-	-	-
Cross currency interest rate swaps	<b>4,355,932</b>	<b>106,949</b>	<b>(383,641)</b>	-	-	-
- Less than 1 year	589,611	38,405	(37,151)	-	-	-
- 1 year to 3 years	2,226,411	41,475	(275,370)	-	-	-
- More than 3 years	1,539,910	27,069	(71,120)	-	-	-
	<b>40,639,077</b>	<b>283,141</b>	<b>(943,222)</b>	-	-	-
Total derivative assets/(liabilities)	<b>716,375,081</b>	<b>12,006,184</b>	<b>(12,137,592)</b>	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2015	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
<b>Trading derivatives</b>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>22,598,973</b>	<b>513,526</b>	<b>(1,028,858)</b>	-	-	-
- 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	<b>169,278,538</b>	<b>2,549,979</b>	<b>(1,954,427)</b>	-	-	-
- 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	<b>3,698,680</b>	<b>3,929</b>	<b>(6,006)</b>	-	-	-
- Less than 1 year	3,698,680	3,929	(6,006)	-	-	-
Currency options	<b>6,791,662</b>	<b>298,646</b>	<b>(319,083)</b>	-	-	-
- 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	<b>65,638,738</b>	<b>4,806,435</b>	<b>(5,467,534)</b>	-	-	-
- 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)	-	-	-
	<b>268,006,591</b>	<b>8,172,515</b>	<b>(8,775,908)</b>	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	<b>451,862,590</b>	<b>2,263,420</b>	<b>(1,624,709)</b>	<b>500,000</b>	<b>74</b>	-
- 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	<b>7,948,164</b>	<b>2,673</b>	<b>(5,102)</b>	-	-	-
- 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	<b>216,491</b>	<b>413</b>	<b>(2,213)</b>	-	-	-
- Less than 1 year	155,677	-	(1,800)	-	-	-
- 1 year to 3 years	60,814	413	(413)	-	-	-
	<b>460,027,245</b>	<b>2,266,506</b>	<b>(1,632,024)</b>	<b>500,000</b>	<b>74</b>	-
<u>Equity related derivatives</u>						
Equity futures	<b>146,909</b>	<b>599</b>	<b>(626)</b>	-	-	-
- Less than 1 year	146,909	599	(626)	-	-	-
Equity options	<b>9,569,385</b>	<b>179,010</b>	<b>(265,215)</b>	-	-	-
- 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	<b>683,337</b>	<b>2,867</b>	<b>(14,342)</b>	-	-	-
- 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)	-	-	-
	<b>10,399,631</b>	<b>182,476</b>	<b>(280,183)</b>	-	-	-

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
<b>Trading derivatives</b>						
<u>Commodity related derivatives</u>						
Commodity swaps	<b>1,723,092</b>	<b>514,369</b>	<b>(452,384)</b>	-	-	-
- Less than 1 year	1,477,397	237,143	(221,302)	-	-	-
- 1 year to 3 years	245,695	277,226	(231,082)	-	-	-
Commodity futures	<b>732,519</b>	<b>7,654</b>	<b>(60,370)</b>	-	-	-
- Less than 1 year	721,352	7,654	(58,906)	-	-	-
- 1 year to 3 years	11,167	-	(1,464)	-	-	-
Commodity options	<b>2,456,172</b>	<b>300,144</b>	<b>(227,970)</b>	-	-	-
- Less than 1 year	2,341,527	230,997	(203,924)	-	-	-
- 1 year to 3 years	114,645	69,147	(24,046)	-	-	-
	<b>4,911,783</b>	<b>822,167</b>	<b>(740,724)</b>	-	-	-
<u>Credit related contract</u>						
Credit default swaps	<b>7,658,804</b>	<b>89,669</b>	<b>(84,747)</b>	-	-	-
- 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	<b>2,619,029</b>	<b>12,281</b>	<b>(19,394)</b>	-	-	-
- 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)	-	-	-
	<b>10,277,833</b>	<b>101,950</b>	<b>(104,141)</b>	-	-	-
<b>Bond contract</b>						
Bond forward	<b>30,000</b>	<b>1,204</b>	-	-	-	-
- More than 3 years	30,000	1,204	-	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	<b>28,900,011</b>	<b>59,976</b>	<b>(250,411)</b>	-	-	-
- 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	<b>2,797,900</b>	<b>9,079</b>	<b>(52,481)</b>	-	-	-
- Less than 1 year	2,797,900	9,079	(52,481)	-	-	-
Cross currency interest rate swaps	<b>4,655,246</b>	<b>92,976</b>	<b>(303,977)</b>	-	-	-
- 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)	-	-	-
	<b>36,353,157</b>	<b>162,031</b>	<b>(606,869)</b>	-	-	-
Total derivative assets/(liabilities)	<b>790,006,240</b>	<b>11,708,849</b>	<b>(12,139,849)</b>	<b>500,000</b>	<b>74</b>	-

## 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 31 December 2016, the amount of credit risk in the Group and the Company, measured in terms of the cost to replace the profitable contracts, was RM12,006,184,000 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 31 December 2016, the Group has posted cash collateral of RM4,806 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

(a) 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.

	31 December 2016	31 December 2015
	Principal Amount RM'000	Principal Amount RM'000
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	7,031,342	6,552,626
Certain transaction-related contingent items	7,076,233	6,047,494
Short-term self-liquidating trade-related contingencies	4,437,262	8,525,630
Obligations under underwriting agreement	13,500	9,406
Irrevocable commitments to extend credit		
- maturity not exceeding one year	51,984,418	46,117,291
- maturity exceeding one year	28,267,348	22,176,460
Miscellaneous commitments and contingencies	2,384,757	4,148,292
Total credit-related commitments and contingencies	<b>101,194,860</b>	<b>93,577,199</b>
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	220,126,765	215,117,886
- one year to five years	46,198,212	49,650,897
- more than five years	19,588,605	10,690,954
	<b>285,913,582</b>	<b>275,459,737</b>
<u>Interest rate related contracts</u>		
- less than one year	145,882,811	204,499,823
- one year to five years	202,369,676	235,172,060
- more than five years	48,638,335	49,255,373
	<b>396,890,822</b>	<b>488,927,256</b>
<u>Equity related contracts</u>		
- less than one year	2,928,500	3,059,493
- one year to five years	7,630,301	6,915,007
- more than five years	422,376	425,131
	<b>10,981,177</b>	<b>10,399,631</b>
<u>Credit related contracts</u>		
- less than one year	3,176,847	5,933,343
- one year to five years	3,924,885	4,070,019
- more than five years	863,396	274,471
	<b>7,965,128</b>	<b>10,277,833</b>
<u>Commodity related contracts</u>		
- less than one year	12,838,732	4,540,276
- one year to five years	1,520,424	371,507
	<b>14,359,156</b>	<b>4,911,783</b>
<u>Bond contracts</u>		
- less than one year	137,643	-
- one year to five years	37,573	-
- more than five years	90,000	30,000
	<b>265,216</b>	<b>30,000</b>
Total treasury-related commitments and contingencies	<b>716,375,081</b>	<b>790,006,240</b>
	<b>817,569,941</b>	<b>883,583,439</b>
<b>The Company</b>		
<u>Interest rate related contracts</u>		
- less than one year	-	500,000
	-	500,000

(b) The Company has on 24 February 2017 filed a notice of appeal (Form Q) according to Section 99 (1) of the Income Tax Act, 1967 against the Notices of Assessment (Notices) for the years of assessment 2009 to 2012 dated 8 February 2017 from Inland Revenue Board ("IRB"). The Company is in the midst of obtaining a stand over of taxes from IRB. No provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice.

## 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)

31 December 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	12.064% ^	14.711%	10.156%	11.942% ^	35.635%	16.321%	N/A
Tier 1 ratio	13.567% ^	15.526%	10.156%	13.156% ^	35.635%	16.321%	N/A
Total capital ratio	16.699% ^	18.025%	15.583%	16.771% ^	35.635%	17.714%	15.926%
<b>After deducting proposed dividend</b>							
Common equity tier 1 ratio	11.549% ^	14.711%	10.156%	11.556% ^	32.344%	16.321%	N/A
Tier 1 ratio	13.051% ^	15.526%	10.156%	12.770% ^	32.344%	16.321%	N/A
Total capital ratio	16.183% ^	18.025%	15.583%	16.385% ^	32.344%	17.714%	15.926%

(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	138,362,816	20,854,131	23,225,101	185,063,333	1,080,354	55,449,429	1,647,272
Market risk	11,249,430	537,923	4,416,296	14,567,619	53,653	537,912	-
Operational risk	13,500,836	2,166,412	2,090,505	18,282,144	597,796	7,935,282	-
Large exposure risk	719,612	-	-	719,612	-	-	-
	163,832,694	23,558,466	29,731,902	218,632,708	1,731,803	63,922,623	1,647,272

(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 Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
<b>Common Equity Tier I capital</b>							
Ordinary shares	5,276,655	1,000,000	1,551,447	5,276,655	100,000	537,939	224,300
Other reserves	23,251,046	2,930,140	1,822,707	28,982,224	542,491	10,358,077	33
Qualifying non-controlling interests	-	-	-	307,549	-	-	-
Less: Proposed dividends	(844,265)	-	-	(844,265)	(57,000)	-	-
Common Equity Tier I capital before regulatory adjustments	27,683,436	3,930,140	3,374,154	33,722,163	585,491	10,896,016	224,333
<b>Less: Regulatory adjustments</b>							
Goodwill	(3,555,075)	(136,000)	-	(5,188,198)	(964)	-	-
Intangible assets	(833,024)	(80,961)	(27,290)	(934,211)	-	-	(1,767)
Deferred tax assets	(164,602)	(15,507)	(134,724)	(384,082)	(15,891)	(83,073)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,963,652)	-	-	(531,812)	(5,102)	(380,348)	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(1,193)	-	-
Shortfall of eligible provisions to expected losses	-	(30,571)	-	-	-	-	-
Others	(1,246,394)	(201,344)	(192,648)	(1,419,044)	(2,207)	-	(5,264)
Common Equity Tier I capital after regulatory adjustments	18,920,689	3,465,757	3,019,492	25,264,816	560,134	10,432,595	217,302
<b>Additional Tier I capital</b>							
Perpetual preference shares	200,000	192,000	-	200,000	-	-	-
Non-innovative Tier I Capital	-	-	-	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-
Qualifying capital instruments held by third parties	-	-	-	60,423	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	192,000	-	2,660,423	-	-	-
Less: Regulatory adjustments							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(138,568)	-	-	(6,568)	-	-	-
Additional Tier I capital after regulatory adjustments	2,461,432	192,000	-	2,653,855	-	-	-
<b>Total Tier I Capital</b>	<b>21,382,121</b>	<b>3,657,757</b>	<b>3,019,492</b>	<b>27,918,671</b>	<b>560,134</b>	<b>10,432,595</b>	<b>217,302</b>
<b>Tier II capital</b>							
Subordinated notes	7,050,000	520,000	1,513,752	7,050,000	-	320,498	31,402
Redeemable preference shares	29,740	-	-	29,740	6	-	-
Surplus of eligible provision over expected loss	375,461	-	-	180,808	-	-	-
Qualifying capital instruments held by third parties	-	-	-	407,064	-	-	-
Portfolio impairment allowance & Regulatory reserve <sup>√</sup>	247,139	68,594	100,026	596,054	2,203	570,138	13,643
Tier II capital before regulatory adjustments	7,702,340	588,594	1,613,778	8,263,666	2,209	890,636	45,045
<b>Less: Regulatory adjustments</b>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,571,006)	-	-	(359,121)	(3,402)	-	-
<b>Total Tier II capital</b>	<b>5,131,334</b>	<b>588,594</b>	<b>1,613,778</b>	<b>7,904,545</b>	<b>-</b>	<b>890,636</b>	<b>45,045</b>
<b>Total capital base</b>	<b>26,513,455</b>	<b>4,246,351</b>	<b>4,633,270</b>	<b>35,823,216</b>	<b>560,134</b>	<b>11,323,231</b>	<b>262,347</b>

<sup>√</sup> The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2016 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM186 million, RM166 million and RM20 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.

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

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

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*
<b>Before deducting proposed dividend</b>							
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	16.425% ^	16.273%	15.456%	15.892% ^	33.250%	16.156%	17.377%
<b>After deducting proposed dividend</b>							
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	15.823% ^	16.273%	15.456%	15.438% ^	29.747%	16.156%	17.377%

(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	-	-	-
	160,385,490	23,701,727	27,244,896	213,032,912	1,884,242	58,402,213	1,291,520

(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
<b>Common Equity Tier I capital</b>							
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	25,772,756	3,386,083	3,076,826	30,974,867	588,758	8,759,745	191,883
<b>Less: Regulatory adjustments</b>							
Goodwill	(3,555,075)	(136,000)	-	(5,114,235)	(964)	-	-
Intangible assets	(874,745)	(82,210)	(17,752)	(945,435)	-	-	(2,703)
Defered 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	18,451,058	3,014,337	2,936,439	23,168,880	560,502	8,261,098	182,930
<b>Additional Tier I capital</b>							
Perpetual preference shares	140,000	199,000	-	140,000	-	-	-
Non-innovative Tier I Capital	700,000	-	-	700,000	-	-	-
Innovative Tier I Capital	1,128,260	-	-	1,128,260	-	-	-
Qualifying capital instruments held by third parties	-	-	-	54,760	-	-	-
Additional Tier I capital before regulatory adjustments	1,968,260	199,000	-	2,023,020	-	-	-
<b>Less: Regulatory adjustments</b>							
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	1,880,260	199,000	-	2,023,020	-	-	-
<b>Total Tier I Capital</b>	<b>20,331,318</b>	<b>3,213,337</b>	<b>2,936,439</b>	<b>25,191,900</b>	<b>560,502</b>	<b>8,261,098</b>	<b>182,930</b>
<b>Tier II capital</b>							
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	7,796,632	643,698	1,274,558	8,175,745	166	1,174,386	41,499
<b>Less: Regulatory adjustments</b>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,750,641)	-	-	(478,907)	(6,628)	-	-
<b>Total Tier II capital</b>	<b>5,045,991</b>	<b>643,698</b>	<b>1,274,558</b>	<b>7,696,838</b>	<b>-</b>	<b>1,174,386</b>	<b>41,499</b>
<b>Total capital base</b>	<b>25,377,309</b>	<b>3,857,035</b>	<b>4,210,997</b>	<b>32,888,738</b>	<b>560,502</b>	<b>9,435,484</b>	<b>224,429</b>

√ 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.

^ CIMB GH successfully completed its sixth DRS of approximately RM171 million was reinvested into new CIMB shares. Pursuant to the completion of the DRS, CIMB GH 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.

## 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
<b>31 December 2016</b>						
Net interest income						
- external income	5,150,197	1,488,763	2,677,505	39,786	469,675	9,825,926
- inter-segment (expense)/income	(477,012)	48,965	638,297	(256)	(209,994)	-
	4,673,185	1,537,728	3,315,802	39,530	259,681	9,825,926
Income from Islamic Banking operations	835,343	183,562	521,387	2,430	161,321	1,704,043
Net non-interest income	1,689,381	321,917	1,861,104	483,903	29,709	4,386,014
Gain on disposal of subsidiaries and associates	-	-	-	(606)	149,878	149,272
Net income	7,197,909	2,043,207	5,698,293	525,257	600,589	16,065,255
Overheads	(4,124,559)	(1,109,800)	(2,664,982)	(349,098)	(403,251)	(8,651,690)
of which:						
- Depreciation of property, plant and equipment	(132,319)	(8,667)	(51,203)	(21,254)	(112,431)	(325,874)
- Amortisation of prepaid lease payments	627	(49)	(173)	-	(11,737)	(11,332)
- Amortisation of intangible assets	(71,706)	(5,329)	(29,094)	(13,396)	(230,451)	(349,976)
Profit before allowances	3,073,350	933,407	3,033,311	176,159	197,338	7,413,565
Allowance made for impairment losses on loans, advances and financing	(806,681)	(617,899)	(984,102)	-	(201)	(2,408,883)
Allowance (made)/written back for losses on other receivables	(3,143)	(1,759)	(89,537)	5,633	1,646	(87,160)
Allowance made for commitments and contingencies	-	(30,461)	-	-	-	(30,461)
Allowance written back/(made) for other impairment losses	-	-	124	(62,745)	(55,984)	(118,605)
Segment results	2,263,526	283,288	1,959,796	119,047	142,799	4,768,456
Share of results of joint ventures	2,254	-	-	1,982	-	4,236
Share of results of associates	-	-	-	111,452	-	111,452
Profit before taxation	2,265,780	283,288	1,959,796	232,481	142,799	4,884,144
% of profit before taxation	46.3	5.8	40.1	4.8	3.0	100.0
Taxation						(1,251,187)
<b>Profit for the period</b>						<b>3,632,957</b>

**A26. SEGMENTAL REPORT (Continued)**

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Asset Management and Investments RM'000</b>	<b>Group Funding and Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2015</b>						
Net interest income						
- external income	4,734,351	1,571,392	2,727,032	40,839	263,130	9,336,744
- inter-segment (expense)/income	(326,912)	(72,329)	453,921	(35)	(54,645)	-
	4,407,439	1,499,063	3,180,953	40,804	208,485	9,336,744
Income from Islamic Banking operations	775,482	160,361	47,489	(1,952)	587,637	1,569,017
Net non-interest income	1,481,783	303,864	2,368,142	610,293	(275,190)	4,488,892
Gain on deemed disposal/disposal of subsidiaries and associates	-	-	-	1,137	-	1,137
Net income	6,664,704	1,963,288	5,596,584	650,282	520,932	15,395,790
Overheads	(4,151,663)	(1,114,289)	(2,912,720)	(372,483)	(697,823)	(9,248,978)
of which:						
- Depreciation of property, plant and equipment	(133,239)	(9,410)	(65,691)	(19,625)	(126,049)	(354,014)
- Amortisation of prepaid lease payments	519	(52)	(167)	-	(11,515)	(11,215)
- Amortisation of intangible assets	(69,279)	(3,147)	(32,576)	(14,379)	(220,778)	(340,159)
- Impairment of property, plant and equipment	(1,039)	(23)	-	-	(32)	(1,094)
Profit before allowances	2,513,041	848,999	2,683,864	277,799	(176,891)	6,146,812
Allowance (made)/written back for impairment losses on loans, advances and financing	(831,403)	(215,989)	(1,108,092)	-	(13,140)	(2,168,624)
Allowance (made)/written back for losses on other receivables	(4,514)	(9)	(16,845)	(4,245)	(4,602)	(30,215)
Allowance written back for commitments and contingencies	(534)	-	-	(9,401)	-	(9,935)
Allowance written back/(made) for other impairment losses	-	-	393	(112,407)	2,335	(109,679)
Segment results	1,676,590	633,001	1,559,320	151,746	(192,298)	3,828,359
Share of results of joint ventures	1,587	-	-	(11,450)	-	(9,863)
Share of results of associates	-	-	-	95,497	-	95,497
Profit/(Loss) before taxation	1,678,177	633,001	1,559,320	235,793	(192,298)	3,913,993
% of profit before taxation	42.9	16.2	39.8	6.0	(4.9)	100.0
Taxation						(1,018,048)
<b>Profit for the period</b>						<b>2,895,945</b>

A26. SEGMENTAL REPORT (Continued)

	Group Asset					
	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
<b>31 December 2016</b>						
<b>Group</b>						
Segment assets	162,044,569	53,678,446	217,883,471	1,898,210	29,935,683	465,440,379
Investment in associates and joint ventures	<u>165,028</u>	-	-	<u>53,247</u>	<u>33,066</u>	<u>251,341</u>
	162,209,597	53,678,446	217,883,471	1,951,457	29,968,749	465,691,720
Unallocated assets	-	-	-	-	-	20,075,167
<b>Total assets</b>	<u>162,209,597</u>	<u>53,678,446</u>	<u>217,883,471</u>	<u>1,951,457</u>	<u>29,968,749</u>	<u>485,766,887</u>
Segment liabilities	154,458,050	53,516,374	199,697,651	632,917	18,636,836	426,941,828
Unallocated liabilities	-	-	-	-	-	11,745,901
<b>Total liabilities</b>	<u>154,458,050</u>	<u>53,516,374</u>	<u>199,697,651</u>	<u>632,917</u>	<u>18,636,836</u>	<u>438,687,729</u>
<b>Other segment items</b>						
Incurred capital expenditure	488,861	10,580	89,692	23,858	583,555	1,196,546
Investment in joint ventures	165,028	-	-	8,652	-	173,680
Investment in associates	-	-	-	44,595	33,066	77,661
<b>31 December 2015</b>						
<b>Group</b>						
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	<u>162,775</u>	-	-	<u>874,498</u>	<u>175</u>	<u>1,037,448</u>
	149,771,407	50,879,621	203,046,816	3,586,107	35,048,851	442,332,802
Unallocated assets	-	-	-	-	-	19,244,341
<b>Total assets</b>	<u>149,771,407</u>	<u>50,879,621</u>	<u>203,046,816</u>	<u>3,586,107</u>	<u>35,048,851</u>	<u>461,577,143</u>
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
<b>Total liabilities</b>	<u>138,283,842</u>	<u>52,896,935</u>	<u>195,136,374</u>	<u>1,373,105</u>	<u>19,710,722</u>	<u>419,344,515</u>
<b>Other segment items</b>						
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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

### Valuation Model Review and Approval

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



**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 31 December 2016 and 31 December 2015.

<b>The Group</b>	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>31 December 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Money market instruments	16,177,991	-	16,177,991	-	16,177,991
- Quoted securities	2,229,681	1,978,190	251,491	-	2,229,681
- Unquoted securities	4,360,976	-	4,182,525	178,451	4,360,976
Financial investments available-for-sale					
- Money market instruments	3,100,531	-	3,100,531	-	3,100,531
- Quoted securities	5,492,211	2,682,646	2,809,565	-	5,492,211
- Unquoted securities	22,937,521	-	21,608,982	1,328,539	22,937,521
Derivative financial instruments					
- Trading derivatives	11,723,043	423,619	11,189,711	109,713	11,723,043
- Hedging derivatives	283,141	-	283,141	-	283,141
<b>Total</b>	<b>66,305,095</b>	<b>5,084,455</b>	<b>59,603,937</b>	<b>1,616,703</b>	<b>66,305,095</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	11,194,370	270,504	10,783,356	140,510	11,194,370
- Hedging derivatives	943,222	-	943,222	-	943,222
Financial liabilities designated at fair value	4,367,577	-	3,981,115	386,462	4,367,577
<b>Total</b>	<b>16,505,169</b>	<b>270,504</b>	<b>15,707,693</b>	<b>526,972</b>	<b>16,505,169</b>

<b>The Group</b>	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>31 December 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Money market instruments	12,359,624	-	12,359,624	-	12,359,624
- Quoted securities	2,732,308	2,472,841	259,467	-	2,732,308
- Unquoted securities	5,588,334	-	5,430,949	157,385	5,588,334
Financial investments available-for-sale					
- Money market instruments	2,998,557	-	2,998,557	-	2,998,557
- Quoted securities	4,638,466	2,208,019	2,430,447	-	4,638,466
- Unquoted securities	25,130,525	-	23,777,756	1,352,769	25,130,525
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
<b>Total</b>	<b>65,156,663</b>	<b>4,693,268</b>	<b>58,820,363</b>	<b>1,643,032</b>	<b>65,156,663</b>
<b>Financial liabilities</b>					
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
<b>Total</b>	<b>17,092,620</b>	<b>140,679</b>	<b>16,376,225</b>	<b>575,716</b>	<b>17,092,620</b>

**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 31 December 2016 and 31 December 2015.

<b>The Company</b> <b>31 December 2016</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair Value</b>			<b>Total</b> <b>RM'000</b>
		<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u><b>Financial assets</b></u>					
Financial investments available-for-sale					
- Unquoted securities	1,432,249	-	1,432,249	-	1,432,249
<b>Total</b>	<b>1,432,249</b>	<b>-</b>	<b>1,432,249</b>	<b>-</b>	<b>1,432,249</b>

<b>The Company</b> <b>31 December 2015</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair Value</b>			<b>Total</b> <b>RM'000</b>
		<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u><b>Financial assets</b></u>					
Derivative financial instruments					
- Trading derivatives	74	-	74	-	74
<b>Total</b>	<b>74</b>	<b>-</b>	<b>74</b>	<b>-</b>	<b>74</b>

**A27. FAIR VALUE ESTIMATION** (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 December 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
<b>2016</b>							
At 1 January	157,385	1,352,769	132,878	1,643,032	(359,089)	(216,627)	(575,716)
Total gains/(losses) recognised in Statement of Income	12,927	(34,136)	(56,250)	(77,459)	(46,608)	107,021	60,413
Total gains recognised in Other Comprehensive Income	-	83,973	-	83,973	-	-	-
Purchases	-	123,496	39,369	162,865	-	(38,421)	(38,421)
Sales and redemptions	-	(210,353)	-	(210,353)	-	-	-
Settlements	-	-	(5,665)	(5,665)	19,235	6,246	25,481
Exchange fluctuation	8,139	12,790	(619)	20,310	-	1,271	1,271
At 31 December	178,451	1,328,539	109,713	1,616,703	(386,462)	(140,510)	(526,972)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December 2016 under:							
- net non-interest income	12,927	(30,278)	(56,250)	(73,601)	(30,236)	107,021	76,785
- interest expense	-	-	-	-	(16,372)	-	(16,372)
- allowances for other impairment losses	-	(3,858)	-	(3,858)	-	-	-
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2016 under "revaluation reserves"	-	83,973	-	83,973	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2016 under "net non-interest income"	12,927	-	24,642	37,569	(30,236)	62,697	32,461

**A27. FAIR VALUE ESTIMATION** (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 December 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
<b>2015</b>							
At 1 January	132,681	1,543,118	66,855	1,742,654	(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)	(358,898)	-	(363,898)	-	-	-
Settlements	-	-	(26,307)	(26,307)	26,959	17,039	43,998
Exchange fluctuation	28,935	101,755	2,067	132,757	-	(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 31 December 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 31 December 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 31 DECEMBER 2016**

	Note	The Group	
		31 December 2016 RM'000	31 December 2015 RM'000
<b>ASSETS</b>			
Cash and short-term funds		9,110,838	8,046,054
Deposits and placements with banks and other financial institutions		761,871	507,849
Financial assets held for trading		2,949,804	2,945,220
Islamic derivative financial instruments		885,452	496,564
Financial investments available-for-sale		1,951,060	2,337,791
Financial investments held-to-maturity		3,838,845	2,264,868
Financing, advances and other financing/loans	A28d(i)	54,888,460	47,235,376
Deferred tax assets		15,452	30,541
Amount due from conventional operations		4,864,731	4,266,396
Statutory deposits with Bank Negara Malaysia		1,384,859	1,257,178
Property, plant and equipment		13,124	15,570
Other assets		1,933,435	972,518
Goodwill		136,000	136,000
Intangible assets		81,877	83,957
<b>TOTAL ASSETS</b>		<b>82,815,808</b>	<b>70,595,882</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>			
Deposits from customers	A28(e)	59,802,344	49,331,189
Investment accounts of customers	A28(f)	254,408	232,716
Deposits and placements of banks and other financial institutions		2,264,927	3,596,306
Investment accounts due to designated financial institutions	A28(g)	3,912,011	2,900,982
Islamic derivative financial instruments		985,995	594,474
Financial liabilities designated at fair value	A28(h)	2,181	199,063
Amount due to conventional operations		1,545,256	1,202,273
Provision for taxation		45,676	39,017
Other liabilities		4,879,704	5,413,779
Other borrowings		183,511	17,125
Recourse obligation on loans and financing sold to Cagamas		1,353,390	502,368
Sukuk		586,488	-
Subordinated Sukuk		617,563	856,983
<b>TOTAL LIABILITIES</b>		<b>76,433,454</b>	<b>64,886,275</b>
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,250
Perpetual preference shares		220,000	220,000
Reserves		5,091,007	4,423,459
		6,366,703	5,698,709
Non-controlling interests		15,651	10,898
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>6,382,354</b>	<b>5,709,607</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>82,815,808</b>	<b>70,595,882</b>

**A28b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	706,598	678,027	2,785,090	2,486,798
Income derived from investment of investment account	47,220	44,656	188,683	143,064
Net income derived from investment of shareholders' funds	150,546	88,650	448,025	446,042
Allowance made for impairment losses on financing, advances and other financing/loans	(43,295)	(24,803)	(77,058)	(149,273)
Allowance written back/(made) for impairment losses on other receivables	256	(34)	(255)	(98)
<b>Total distributable income</b>	<b>861,325</b>	<b>786,496</b>	<b>3,344,485</b>	<b>2,926,533</b>
Income attributable to depositors	(476,506)	(372,683)	(1,722,819)	(1,495,580)
Profit distributed to investment account holder	(32,881)	(56,077)	(133,058)	(151,945)
<b>Total net income</b>	<b>351,938</b>	<b>357,736</b>	<b>1,488,608</b>	<b>1,279,008</b>
Other operating expenses	(133,410)	(144,769)	(548,919)	(579,409)
<b>Profit before allowances</b>	<b>218,528</b>	<b>212,967</b>	<b>939,689</b>	<b>699,599</b>
Allowance written back for other impairment losses	(3,160)	-	(3,160)	-
<b>Profit before taxation</b>	<b>215,368</b>	<b>212,967</b>	<b>936,529</b>	<b>699,599</b>
Taxation and zakat	(46,430)	(46,178)	(194,091)	(149,300)
<b>Profit for the period</b>	<b>168,938</b>	<b>166,789</b>	<b>742,438</b>	<b>550,299</b>
Profit for the period attributable to:				
Owners of the Parent	166,619	166,554	738,145	549,605
Non-controlling interests	2,319	235	4,293	694
	<b>168,938</b>	<b>166,789</b>	<b>742,438</b>	<b>550,299</b>

**A28c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	168,938	166,789	742,438	550,299
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(20,673)	10,434	(244)	(24,697)
- Net (loss)/gain from change in fair value	(25,090)	11,588	7,813	(23,249)
- Realised loss/(gain) transferred to statement of income on disposal and impairment	(1,599)	(734)	(7,797)	(4,066)
- Income tax effects	6,016	(420)	(260)	2,618
Exchange fluctuation reserve	5,603	(322)	(3,926)	11,272
Other comprehensive (expense)/income for the period, net of tax	(15,070)	10,112	(4,170)	(13,425)
<b>Total comprehensive income for the period</b>	<b>153,868</b>	<b>176,901</b>	<b>738,268</b>	<b>536,874</b>
Total comprehensive income for the period attributable to:				
Owners of the Parent	153,560	176,880	737,808	536,840
Non-controlling interests	308	21	460	34
	<b>153,868</b>	<b>176,901</b>	<b>738,268</b>	<b>536,874</b>
<u>Income from Islamic operations (per page 2)</u>				
Total net income	351,938	357,736	1,488,608	1,279,008
Add: Allowance made for impairment losses on financing, advances and other financing/loans	43,295	24,803	77,058	149,273
Add: Allowance (written back)/made for impairment losses on other receivables	(256)	34	255	98
	<b>394,977</b>	<b>382,573</b>	<b>1,565,921</b>	<b>1,428,379</b>
Elimination for transaction with conventional operations	32,954	34,363	138,122	140,638
	<b>427,931</b>	<b>416,936</b>	<b>1,704,043</b>	<b>1,569,017</b>

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

31 December 2016

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik	Al-Ijarah Thumma al-Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At amortised cost</b>													
Cash line^	-	30,336	11,772	-	639,697	-	-	-	-	4,283	-	-	686,088
Term financing													
House Financing	441,974	6,938,888	-	-	3,707,156	1,478,984	-	-	376,040	-	-	-	12,943,042
Syndicated Financing	287,191	898	260,465	-	1,978,421	110,216	-	-	-	-	-	-	2,637,191
Hire purchase receivables	591,207	-	-	-	-	-	4,004,807	-	-	-	-	-	4,596,014
Other term financing	4,004,536	1,971,036	10,090,242	-	11,785,762	57,511	-	129	40,436	-	-	-	27,949,652
Bills receivable	-	-	-	57,210	-	-	-	-	-	-	-	-	57,210
Islamic Trust receipts	157,584	-	-	-	-	-	-	-	-	-	-	-	157,584
Claims on customers under acceptance credits	369,264	-	-	58,512	-	-	-	-	-	-	-	-	427,776
Staff financing	2	-	-	-	15,203	-	-	-	-	-	-	-	15,205
Revolving credits	290,905	-	-	-	-	-	-	-	-	-	-	121,558	412,463
Credit card receivables	-	-	-	-	3,626,798	-	-	-	-	173,682	-	-	3,800,480
Share purchase financing	16,264	-	-	-	-	-	-	-	665,524	-	-	-	681,788
Ar Rahnu	-	-	-	-	-	-	-	-	-	-	104	-	104
Other financing	775,135	-	-	-	-	14,937	-	14,359	-	-	-	-	804,431
Gross financing, advances and other financing/loans	6,934,062	8,941,158	10,362,479	115,722	21,753,037	1,661,648	4,004,807	14,488	1,082,000	177,965	104	121,558	55,169,028
Fair value changes arising from fair value hedge													110,982
													55,280,010
Less: Allowance for impairment losses													
- Individual impairment allowance													(87,298)
- Portfolio impairment allowance													(304,252)
													(391,550)
<b>Net financing, advances and other financing/loans</b>													<b>54,888,460</b>



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

(i) By type and Shariah contract (Continued)

31 December 2015

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al- Dayn	Tawarruq	Ijarah Muntahiah Bi al- Tamlik	Al-Ijarah Thumma al- Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At amortised cost</b>													
Cash line <sup>^</sup>	-	50,240	59,000	-	475,690	-	-	-	-	17,114	-	-	602,044
Term financing													
House Financing	325,605	7,570,992	-	-	2,063,935	1,385,143	-	-	11,347	-	-	-	11,357,022
Syndicated Financing	29,919	-	343,017	-	1,741,508	160,701	-	-	-	-	-	-	2,275,145
Hire purchase receivables	821,861	-	-	-	-	-	4,306,661	-	-	-	-	-	5,128,522
Other term financing	4,158,477	2,347,004	10,861,042	-	6,371,504	58,232	-	-	-	-	-	-	23,796,259
Bills receivable	-	-	-	3,373	-	-	-	-	-	153	-	-	3,526
Islamic Trust receipts	120,179	-	-	-	-	-	-	-	-	-	-	-	120,179
Claims on customers under acceptance credits	391,283	-	-	53,755	-	-	-	-	-	-	-	-	445,038
Staff financing	2	-	-	-	-	-	-	-	-	-	-	-	2
Revolving credits	509,243	-	50,179	-	2,118,816	-	-	-	-	-	-	-	2,678,238
Credit card receivables	-	-	-	-	-	-	-	-	-	65,410	-	115,218	180,628
Share purchase financing	4,100	-	-	-	-	-	-	30,063	96,520	-	-	-	130,683
Ar Rahnu	-	-	-	-	-	-	-	-	-	-	1,065	-	1,065
Other financing	815,281	-	-	-	-	18,303	-	10,247	-	-	-	-	843,831
Gross financing, advances and other financing/loans	7,175,950	9,968,236	11,313,238	57,128	12,771,453	1,622,379	4,306,661	40,310	107,867	82,677	1,065	115,218	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)
<b>Net financing, advances and other financing/loans</b>													<b>47,235,376</b>

<sup>^</sup> 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 31 December 2016, the gross exposures to RPSIA financing is RM3,236 million (2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM5.4 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**

	<b>The Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	82,677	39,064
New disbursement	124,764	57,342
Repayment	(41,077)	(18,849)
Exchange fluctuation	11,601	5,120
At 31 December	<b>177,965</b>	<b>82,677</b>

**b) Sources and uses of Qard Financing****Sources of Qard fund:**

Depositors' fund	177,709	81,532
Shareholders' fund	256	1,145
	<b>177,965</b>	<b>82,677</b>

**Uses of Qard fund:**

Personal use	174,346	65,747
Business use	3,619	16,930
	<b>177,965</b>	<b>82,677</b>

**(ii) By geographical distribution**

	<b>The Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	47,536,921	40,805,184
Indonesia	3,509,711	2,328,448
Singapore	2,885,809	3,183,243
Other countries	1,236,587	1,245,307
Gross financing, advances and other financing/loans	<b>55,169,028</b>	<b>47,562,182</b>

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

	<b>The Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	466,365	424,382
Indonesia	38,936	42,156
Gross impaired financing, advances and other financing/loans	<b>505,301</b>	<b>466,538</b>

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

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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
At 1 January	466,538	539,920
Classified as impaired during the year	627,798	561,268
Reclassified as not impaired during the year	(300,429)	(312,552)
Amount recovered	(139,867)	(103,317)
Amount written off	(179,620)	(213,337)
Exchange fluctuation	30,881	(5,444)
At 31 December	<u>505,301</u>	<u>466,538</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>0.92%</u>	<u>0.98%</u>

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

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
<b>Individual impairment allowance</b>		
At 1 January	79,321	88,336
Allowance made during the year	5,947	(11,810)
Amount written off	-	(981)
Exchange fluctuation	2,030	3,776
At 31 December	<u>87,298</u>	<u>79,321</u>
<b>Portfolio impairment allowance</b>		
At 1 January	357,976	374,704
Allowance made during the year	118,152	199,278
Amount written off	(179,694)	(212,336)
Allowance transferred to conventional operations	(596)	-
Exchange fluctuation	8,414	(3,670)
At 31 December	<u>304,252</u>	<u>357,976</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>1.13%</u>	<u>1.10%</u>

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

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
Savings deposit		
Wadiah	3,786,238	3,263,150
Mudharabah	596,643	320,617
	<b>4,382,881</b>	<b>3,583,767</b>
Demand deposit		
Wadiah	9,379,174	9,408,866
Qard	201,919	386,784
Mudharabah	118,037	71,026
	<b>9,699,130</b>	<b>9,866,676</b>
Term deposit		
<i>Commodity Murabahah (via Tawarruq arrangement) *</i>	43,348,305	33,230,363
<i>Islamic negotiable instruments</i>	38,031	742,792
Mudharabah	38,031	344,450
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,342
<i>Short term money market deposit-i</i>	198,010	28,781
Wakalah	20,415	17,816
Wadiah	177,595	10,965
<i>Fixed Deposit-i</i>	10,147	239,772
Wadiah	10,147	239,772
<i>General investment account</i>	1,814,729	1,310,340
Mudharabah	1,814,729	1,310,340
<i>Specific investment account</i>	297,407	314,009
Mudharabah	297,407	314,009
	<b>45,706,629</b>	<b>35,866,057</b>
Others - Qard	13,704	14,689
	<b>59,802,344</b>	<b>49,331,189</b>

\* included Qard contract of RM554,168,000 (2015: RM159,118,000)

**(ii) By maturity structures of term deposit**

Due within six months	30,861,666	27,962,417
Six months to one year	8,549,764	7,202,592
One year to three years	4,614,632	391,340
Three years to five years	1,397,389	885
More than five years	283,178	308,823
	<b>45,706,629</b>	<b>35,866,057</b>

**(iii) By type of customer**

Government and statutory bodies	4,073,910	3,513,833
Business enterprises	21,306,506	19,932,893
Individuals	17,603,323	10,829,624
Others	16,818,605	15,054,839
	<b>59,802,344</b>	<b>49,331,189</b>

**A28f. INVESTMENT ACCOUNTS OF CUSTOMERS**

	The Group	
	31 December 2016 RM'000	31 December 2015 RM'000
Unrestricted investment accounts		
- without maturity		
Special Mudharabah Investment Account	254,408	232,716
	<b>254,408</b>	<b>232,716</b>

**A28g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	<u>3,912,011</u>	<u>2,900,982</u>
By type of counterparty		
Licensed banks	<u>3,912,011</u>	<u>2,900,982</u>

**A28h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	The Group	
	31 December 2016	31 December 2015
	RM'000	RM'000
Deposits from customers - structured investments	<u>2,181</u>	<u>199,063</u>

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 31 December 2016 of financial liabilities designated at fair value were RM62,000 (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.

CIMB Islamic Bank did not issue any new structured investment in 2016.

**A29. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	<b>The Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>15,003,886</b>	14,259,511
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>3.93%</b>	4.01%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>0.00%</b>	0.00%

**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”) reported a Profit Before Tax (“PBT”) of RM4.88 billion for financial year 2016 (“FY16”). On a year-on-year (“Y-o-Y”) basis, the Group’s FY16 operating income expanded 4.4% with operating expenses remaining well under control. This translated to an 8.6% Y-o-Y improvement in pre-provisioning operating profit (“PPOP”) and a 4.5% Y-o-Y improvement in the Net Profit to RM3.56 billion compared to the Business As Usual (“BAU”) FY15 Net Profit of RM3.41 billion. The FY16 net earnings per share (“EPS”) stood at 41.00 sen with a net return on average equity (“ROE”) of 8.3%. The Group declared a second interim net dividend of 12.00 sen per share to be paid via cash or an optional Dividend Reinvestment Scheme (“DRS”). For FY16, the total dividend amounted to 20.00 sen or RM1.76 billion, translating to a dividend payout ratio of 49.5% of FY16 profits.

The Group reported the highest ever revenue of RM16.07 billion and a 4.5% Y-o-Y increase in net profit to RM3.56 billion, amidst a trying business environment in 2016. Across the Group, its overhead expenses increased by only 1% Y-o-Y, contributing to the encouraging Cost-to-Income ratio. The Group’s balance sheet continued to strengthen with a commendable 8.7% Y-o-Y growth in loans, with positive CASA momentum, particularly in CIMB Niaga. The Group’s capital management efforts have strengthened its CET1 to 11.3% from 10.3% in 2015. The Group has declared a 12.00 sen second interim dividend, resulting in a 49.5% payout ratio for FY16.

The best performing segment was Consumer, which contributed 46% of PBT, with Thailand posting its first annual profit since acquisition. For Commercial Banking, both Malaysia and Indonesia performed well, although this was tempered by higher provisions in Singapore and Thailand. Wholesale Banking recorded a commendable 11.3% growth in PBT, with strict cost controls and declining provisions.

The disciplined recalibration of its business under T18 has strengthened the Group’s foundation to help negotiate the unexpected challenges of 2016. This is reflected in the Group’s key financials and remain on track to achieve most of its T18 targets by 2018.

**CIMB Group FY16 Y-o-Y Results**

For comparative purposes, the Y-o-Y performance is based on BAU numbers for FY15. CIMB Group’s FY16 operating income grew 4.4% Y-o-Y to RM16.07 billion underpinned by a 5.3% rise in net interest income. The FY16 non-interest income grew by 2.2% Y-o-Y, inclusive of a RM150 million gain from the sale of its 51% interest in PT CIMB Sun Life in 3Q16. Operating expenses rose by 1.0% Y-o-Y although it was 1.7% lower after excluding foreign currency translation effects, reflecting benefits from the cost management initiatives. This brought about the 8.6% improvement in the Group’s Pre-Provisioning Operating Profit (“PPOP”). The Group’s PBT was 6.2% higher at RM4.88 billion, with loan provisions rising 11.1% Y-o-Y.

The Group’s Regional Consumer Bank PBT increased by 35.0% Y-o-Y in FY16 to RM2.27 billion, making up 46% of Group PBT. The stronger performance was fuelled by the Consumer operations in Malaysia, Indonesia and Thailand, as well as lower overhead expenses and provisions. While the Regional Commercial Banking’s revenues grew with costs staying relatively flat, the PBT was 55.3% lower Y-o-Y at RM283 million due to higher provisions in Thailand and Singapore. The Group’s Regional Wholesale Banking PBT was 11.3% higher Y-o-Y at RM1.96 billion with an improvement in all operating divisions. Group Asset Management and Investments (“GAMI”)’s PBT was 2.5% lower Y-o-Y due to investment impairments, while Group Funding PBT was 50.3% lower Y-o-Y from higher cost of funds and FX translation costs.

Non-Malaysia PBT contribution to the Group rose to 22% in FY16 compared to 21% in FY15. Indonesia’s PBT expanded by 134.6% Y-o-Y to RM922 million as CIMB Niaga’s financial performance continued to improve. Thailand’s PBT contribution of RM14 million was 90.8% lower Y-o-Y as a result of higher loan provisions. Total PBT contribution from Singapore was 36.2% lower at RM241 million on the back of slower loans growth and higher Commercial Banking provisions.

The Group’s total gross loans (excluding the bad bank) grew by 8.7% Y-o-Y, while total deposits grew 5.6% Y-o-Y. The Group’s loan to deposit (“LDR”) ratio stood at 95.6% compared to 92.9% in FY15.

The Group’s gross impairment ratio rose to 3.3% as at December 2016 from 3.0% in December 2015, with a lower allowance coverage of 79.8%. The Group’s Cost-to-Income ratio improved to 53.9% compared with 55.6% in FY15, in line with the improved revenues and strict cost control measures. The Group’s net interest margins (“NIM”) was marginally lower at 2.63% for FY16 mainly driven by higher cost of deposits in Malaysia.

As at 31 December 2016, CIMB Group’s total capital ratio stood at 16.4% while the Common Equity Tier 1 (“CET1”) capital ratio continued to strengthen to 11.3%.

**CIMB Group 4Q16 Q-o-Q and Y-o-Y Performance**

On a Q-o-Q basis, 4Q16 operating income was 4.6% higher at RM4.31 billion, with net interest income growing 7.9% and partially offset by a 2.3% decline in non-interest income. Consumer Banking PBT rose 6.9% Q-o-Q largely on the back of regional loans growth and an improved performance in Indonesia. While the Regional Commercial Banking’s revenues are growing with costs staying under control, the PBT was 136.9% lower Q-o-Q due to higher provisions in Thailand and Singapore. Wholesale Banking PBT improved 28.4% Q-o-Q underpinned by a stronger performance in corporate banking. GAMI PBT was 54.1% lower Q-o-Q due to investment impairments, while Group Funding PBT was 80.8% lower Q-o-Q mainly due to the RM150 million gain from the sale of PT Sun Life recognised in 3Q16. The Group’s 4Q16 net profit was 16.5% lower Q-o-Q at RM854 million due to the PT Sun Life gain in 3Q16 and improved net interest income, partially offset by higher provisions from Thailand.

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

On a Y-o-Y basis, the 4Q16 operating income of RM4.31 billion was 6.7% higher than the 4Q15 BAU numbers, with a 5.4% growth in non-interest income and a 7.3% increase in net interest income. Consumer Banking PBT grew 41.6% driven by regional loans growth and an improved performance in Indonesia. Commercial Banking PBT declined 118.1% Y-o-Y principally from higher provisions in Thailand and Singapore, while the 28.4% growth in Wholesale Banking PBT was attributed to stronger revenues and lower provisions. GAMI's 4Q16 PBT was 22.2% lower Y-o-Y due to investment impairments, while Group Funding PBT was 50.0% lower Y-o-Y from higher expenses and provisions. The Group's 4Q16 net profit was 4.7% higher Y-o-Y at RM854 million from improved net interest income and partially offset by higher provisions.

### **CIMB Islamic**

CIMB Islamic's FY16 Y-o-Y PBT increased by 33.8% to RM724 million from improved performance in the Consumer segment. CIMB Islamic's gross financing assets increased by 16.7% Y-o-Y to RM47.4 billion, accounting for 14.6% of total Group loans. Total deposits increased by 19.5% Y-o-Y to RM52.8 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 which was concurrently 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 to replace THB3 billion unsecured subordinated notes, which CIMB Thai exercised its option to early redeem on 14 July 2016.
- On 8 August 2016, CIMB Bank redeemed its RM1.35 billion Basel II-compliant Tier 2 Subordinated Debt and issued RM1.35 billion 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").
- 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.
- On 16 December 2016, CIMB Group issued RM400 million Basel III-compliant Additional Tier 1 Capital Securities rated A1/Stable by RAM. The proceeds were used to subscribe for RM400 million Basel III-compliant Additional Tier 1 Capital Securities which was concurrently issued by CIMB Bank.
- On 27 December 2016, CIMB Bank early redeemed its RM1 billion Non-Innovative Tier I subordinated bonds.
- On 19 January 2017, CIMB Thai announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights issue of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1 per share.



## **B2. CORPORATE DEVELOPMENTS (continued)**

### **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 closed its business in Bahrain.
- 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 became operational in December 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.
- On 6 December 2016, CIMB Bank proposed to dispose of a 12.42% interest in CIMB-TrustCapital Australian Office Fund No. 1 LP and 13.70% Units in CIMB-TrustCapital Australia Office Fund No. 2 to the Employees Provident Fund Board (“EPF”) for AUD37.1 million (approximately RM122.8 million). The transaction was completed on 16 December 2016.
- On 30 December 2016, CIMB Bank proposed to dispose of a 18.21% stake in the Bank of Yingkou Co., Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhjie Investment Development Co., Ltd.

### **Others**

- On 3 June 2016, CIMB Group entered into a Master Distribution agreement with Sampo Japan Nipponkoa Holdings Inc. to establish a regional non-life bancassurance partnership in selected countries in Southeast Asia.
- 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 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 (i) CIMB Bank’s, CIMB Islamic Bank’s and CIMB Investment Bank’s long term and short term foreign currency deposits ratings at A3 and P-2 respectively; and (ii) CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 11 November 2016, MARC reaffirmed CIMB Bank’s and CIMB Islamic Bank’s long-term and short-term financial institution ratings at AAA and MARC-1 respectively. The outlook for both 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.
- On 25 November 2016, Fitch Ratings affirmed CIMB Niaga’s long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(idn) and F1+(idn). The outlook is stable.
- On 12 December 2016, Moody’s affirmed CIMB Thai’s long-term and short-term foreign currency deposits ratings at Baa2 and P-2. The outlook is stable.
- On 15 December 2016, S&P reaffirmed CIMB Bank’s and CIMB Investment Bank’s long-term and short-term issuer credit ratings at A- and A-2 respectively. The outlook for both is stable.
- On 23 December 2016, RAM reaffirmed (i) CIMB Group Holdings’ long-term and short-term corporate credit ratings at AA1/P1, RM3.0 billion Subordinated Notes Programme rating at AA3/-, RM6.0 billion Conventional and Islamic Commercial Papers/ Medium Term Notes Programme rating at AA1/P1, RM6.0 billion Conventional and Islamic Commercial Papers Programme at -/P1 and RM10.0 billion Additional Tier-1 Capital Securities Programme rating at A1/-; (ii) CIMB Bank’s long-term and short-term financial institution ratings at AAA/P1, RM10.0 billion Additional Tier-1 Capital Securities Programme rating at A1/- and RM10.0 billion Basel III compliant Tier 2 Subordinated Debt Programme rating, at AA1 for issuances prior to 1 January 2016 and AA2 for issuance on or after 1 January 2016; and (iii) CIMB Islamic Bank’s and CIMB Investment Bank’s long-term and short-term financial institution ratings at AAA/P1. The outlook for all is stable.
- On 9 February 2017, Moody’s affirmed CIMB Niaga’s long-term and short-term foreign currency deposits ratings at Baa3 and P-3 respectively. The outlook is positive.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD**

The Group is optimistic for 2017, on the back of sustainable loan growth, continued cost controls and expected improvement in provisions. The Group's T18 Strategy will see the Consumer Banking proposition in Malaysia and Indonesia driven by steady growth with a focus on digital offerings. Wholesale and Commercial Banking operations are expected to benefit from on-going efforts and improved processes.

The Group will further embed 5C's – capital, cost, culture, customer experience and compliance – across all its T18 programmes in continuing to implement the T18 Strategy in 2017, as the Group believes the fulfilment of these goals will ensure a stronger, more resilient CIMB for the years ahead. The Group will continue to instill cost discipline across all businesses to achieve its T18 target CIR of 50% by end-2018. With its refreshed Group brand promise just recently launched based on the theme "Forward", the Group is also determined to enhance its Customer Experience, to help cement CIMB's position as a leading ASEAN universal bank.

**B4. TAXATION**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Major components of tax expense and zakat:				
Current tax expense	354,151	362,445	1,165,880	1,100,371
Deferred tax expense	(55,383)	(63,846)	(34,259)	(67,932)
Under/(over) provision in prior years	34,165	(2,043)	119,266	(14,391)
	<b>332,933</b>	<b>296,556</b>	<b>1,250,887</b>	<b>1,018,048</b>
Zakat	300	-	300	-
	<b>333,233</b>	<b>296,556</b>	<b>1,251,187</b>	<b>1,018,048</b>

**Reconciliation**

Profit before taxation and zakat	1,211,654	1,132,161	4,884,144	3,913,993
Less: Share of results of joint venture	(1,425)	(6,058)	(4,236)	9,863
Share of results of associates	(15,303)	(13,222)	(111,452)	(95,497)
	<b>1,194,926</b>	<b>1,112,881</b>	<b>4,768,456</b>	<b>3,828,359</b>
Tax at statutory income tax rate of 24% (2015: 25%)	263,031	278,220	1,144,429	957,090
Effect of different tax rates in other countries and change in tax rates	(24,036)	(45,707)	(179,655)	(166,490)
Due to expenses not deductible for tax purposes and income not subject to income tax	59,773	66,087	166,847	241,840
Under/(over) provision in prior years	34,165	(2,043)	119,266	(14,391)
Tax expenses	<b>332,933</b>	<b>296,556</b>	<b>1,250,887</b>	<b>1,018,048</b>

**The Company**

Major components of tax expense:

Current tax expense	(1,429)	4,383	4,290	11,549
Deferred tax expense	4	-	76	(171)
Under provision in prior years	(348)	(120)	(348)	-
	<b>(1,773)</b>	<b>4,263</b>	<b>4,018</b>	<b>11,378</b>

**Reconciliation**

Profit before taxation	(213,800)	(69,910)	1,360,233	1,300,845
Tax at statutory income tax rate of 24% (2015: 25%)	(51,312)	(17,478)	326,456	325,211
Due to expenses not deductible for tax purposes and income not subject to income tax	49,887	21,861	(322,090)	(313,833)
Under provision in prior years	(348)	(120)	(348)	-
Tax expenses	<b>(1,773)</b>	<b>4,263</b>	<b>4,018</b>	<b>11,378</b>

**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	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	11,669,910	14,047,882	1,092,041	1,801,801
- Unrealised	2,834,594	100,048	278,263	53,644
	<b>14,504,504</b>	14,147,930	<b>1,370,304</b>	1,855,445
Total share of retained earnings from associates				
- Realised	909,246	800,973	-	-
- Unrealised	332	788	-	-
Total share of retained earnings from joint ventures				
- Realised	97,765	93,529	-	-
- Unrealised	1,293	1,293	-	-
	<b>15,513,140</b>	15,044,513	<b>1,370,304</b>	1,855,445
Consolidation adjustments	493,594	(28,928)	-	-
Total group retained earnings as per consolidated financial statements	<b>16,006,734</b>	15,015,585	<b>1,370,304</b>	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 31 December 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	
	31 December 2016 RM'000	31 December 2015 RM'000
<b>Bonds, sukuk and debentures*</b>		
<b>Unsecured</b>		
One year or less (short term)	3,191,915	4,510,945
More than one year (medium/long term)	4,443,869	6,766,231
	<b>7,635,784</b>	11,277,176

\* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR3,250,000 million, HKD denominated bonds equivalent to HKD2,213 million, USD denominated bonds equivalent to USD663 million, THB denominated debentures equivalents to THB4,005 million, THB denominated notes equivalents to THB2,017 million, SGD denominated bonds equivalents to SGD120 million, AUD denominated bonds equivalents to AUD100 million, and CNY denominated notes equivalents to CNY480 million. The Group has redeemed IDR600,000 million notes, IDR1,635,000 million bonds, EU30 million bonds, HKD2,505 million bonds and USD20 million bonds during current financial year.

	The Group		The Company	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
<b>Other borrowing</b>				
<b>Unsecured</b>				
One year or less (short term)	4,156,882	3,025,436	208,146	1,156,939
More than one year (medium/long term)	5,132,977	6,011,688	3,852,347	3,515,670
	<b>9,289,859</b>	9,037,124	<b>4,060,493</b>	4,672,609
<b>Subordinated obligations**</b>				
<b>Unsecured</b>				
One year or less (short term)	1,832,480	1,452,160	-	-
More than one year (medium/long term)	11,892,822	12,242,731	5,399,121	3,992,277
	<b>13,725,302</b>	13,694,891	<b>5,399,121</b>	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			
	4th quarter ended		Twelve months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	<b>854,385</b>	825,739	<b>3,564,190</b>	2,849,509
Weighted average number of ordinary shares in issue ('000)	<b>8,825,916</b>	8,517,897	<b>8,689,362</b>	8,475,522
Basic earnings per share (expressed in sen per share)	<b>9.7</b>	9.7	<b>41.0</b>	<b>33.6</b>

**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.