

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	The Group		The Company	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		39,405,944	26,709,687	309,445	587,828
Reverse repurchase agreements		7,328,147	5,315,287	-	-
Deposits and placements with banks and other financial institutions		3,253,042	2,307,968	15,890	-
Financial assets held for trading	A8	28,273,577	22,768,648	-	-
Derivative financial instruments	A23	9,492,019	12,006,184	-	-
Financial investments available-for-sale	A9	31,254,650	31,530,263	1,457,827	1,432,249
Financial investments held-to-maturity	A10	31,560,323	30,381,305	2,037,951	2,012,667
Loans, advances and financing	A11	316,420,206	315,372,898	-	-
Other assets	A12	17,747,639	16,525,138	41,647	632
Tax recoverable		110,706	64,338	72,252	37,921
Deferred tax assets		421,990	387,306	-	-
Statutory deposits with central banks		7,115,377	8,484,387	-	-
Amount owing by subsidiaries net of allowance of doubtful debts		-	-	112,501	1
Investment in subsidiaries		-	-	27,161,761	27,173,351
Investment in associates and joint ventures		252,977	251,341	3,834	3,834
Property, plant and equipment		2,128,391	2,140,479	1,436	1,491
Investment properties		-	-	432	435
Prepaid lease payments		111,127	113,929	-	-
Goodwill		8,483,044	8,472,340	-	-
Intangible assets		1,955,212	2,036,600	-	-
		505,314,371	484,868,098	31,214,976	31,250,409
Non-current assets held for sale		898,789	898,789	7,862	7,862
TOTAL ASSETS		506,213,160	485,766,887	31,222,838	31,258,271
LIABILITIES AND EQUITY					
Deposits from customers	A13	351,617,847	336,245,542	-	-
Investment accounts of customers	A14	255,349	254,408	-	-
Deposits and placements of banks and other financial institutions	A15	28,596,017	28,736,111	-	-
Repurchase agreements		4,861,439	4,397,454	-	-
Financial liabilities designated at fair value	A16	4,932,023	4,367,577	-	-
Derivative financial instruments	A23	9,820,364	12,137,592	-	-
Bills and acceptances payable		3,101,826	3,661,743	-	-
Other liabilities	A17	13,614,629	13,339,945	1,954	2,070
Recourse obligation on loans and financing sold to Cagamas		3,862,566	4,498,369	-	-
Provision for taxation		421,359	341,487	-	-
Deferred tax liabilities		77,000	56,556	353	353
Bonds, sukuk and debentures	B7	13,016,286	7,635,784	-	-
Other borrowings	B7	9,642,610	9,289,859	4,049,680	4,060,493
Subordinated obligations	B7	13,831,203	13,725,302	5,478,479	5,399,121
TOTAL LIABILITIES		457,650,518	438,687,729	9,530,466	9,462,037
Ordinary share capital		20,344,585	8,868,384	20,344,585	8,868,384
Reserves		26,410,434	36,440,397	1,347,830	12,927,893
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		46,754,413	45,308,175	21,692,372	21,796,234
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,608,229	1,570,983	-	-
TOTAL EQUITY		48,562,642	47,079,158	21,692,372	21,796,234
TOTAL EQUITY AND LIABILITIES		506,213,160	485,766,887	31,222,838	31,258,271
COMMITMENTS AND CONTINGENCIES	A24 (a)	934,401,674	888,167,213	-	-
Net assets per share attributable to owners of the Parent (RM)		5.27	5.11	2.45	2.46

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
 (Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Note	The Group			
		1st quarter ended 31 March 2017 RM'000	31 March 2016 RM'000	Three months ended 31 March 2017 RM'000	31 March 2016 RM'000
Interest income	A18	4,842,877	4,688,026	4,842,877	4,688,026
Interest expense	A19	(2,197,332)	(2,304,201)	(2,197,332)	(2,304,201)
Net interest income		2,645,545	2,383,825	2,645,545	2,383,825
Income from Islamic Banking operations	A28(c)	473,956	437,511	473,956	437,511
Net non-interest income	A20	1,238,342	903,982	1,238,342	903,982
		4,357,843	3,725,318	4,357,843	3,725,318
Gain on deemed disposal/disposal of joint venture and associate		2,654	-	2,654	-
		4,360,497	3,725,318	4,360,497	3,725,318
Overheads	A21	(2,295,732)	(2,136,885)	(2,295,732)	(2,136,885)
Profit before allowances		2,064,765	1,588,433	2,064,765	1,588,433
Allowance made for impairment losses on loans, advances and financing	A22	(424,517)	(464,555)	(424,517)	(464,555)
Allowance made for impairment losses on other receivables		(26,036)	(51,236)	(26,036)	(51,236)
Allowance made for commitments and contingencies		(4,960)	-	(4,960)	-
Allowance written back for other impairment losses		64	675	64	675
		1,609,316	1,073,317	1,609,316	1,073,317
Share of results of joint ventures		3,094	150	3,094	150
Share of results of associates		1,188	49,662	1,188	49,662
Profit before taxation		1,613,598	1,123,129	1,613,598	1,123,129
Taxation	B4	(402,597)	(293,327)	(402,597)	(293,327)
Profit for the financial period		1,211,001	829,802	1,211,001	829,802
Profit for the financial period attributable to :					
Owners of the Parent		1,180,258	813,804	1,180,258	813,804
Non-controlling interests		30,743	15,998	30,743	15,998
		1,211,001	829,802	1,211,001	829,802
Earnings per share (sen):					
- Basic	B9(a)	13.3	9.5	13.3	9.5
- Fully diluted	B9(b)	N/A	N/A	N/A	N/A

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2017

	The Group			
	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,211,001	829,802	1,211,001	829,802
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	(501)	-	(501)	-
- Currency translation difference	(275)	1,383	(275)	1,383
	(776)	1,383	(776)	1,383
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	196,399	204,081	196,399	204,081
- Net gain from change in fair value	258,783	272,997	258,783	272,997
- Realised gain transferred to statement of income on disposal and impairment	(29,682)	(51,764)	(29,682)	(51,764)
- Income tax effects	(29,520)	(37,906)	(29,520)	(37,906)
- Currency translation difference	(3,182)	20,754	(3,182)	20,754
Net investment hedge	501	250,008	501	250,008
Hedging reserve - cash flow hedge	(42)	6,675	(42)	6,675
- Net gain from change in fair value	217	9,531	217	9,531
- Income tax effects	(259)	(2,856)	(259)	(2,856)
Exchange fluctuation reserve	55,649	(1,370,951)	55,649	(1,370,951)
- Disposal of joint ventures and associates	(237)	-	(237)	-
- Currency translation differences in respect of foreign operations	55,886	(1,370,951)	55,886	(1,370,951)
Share of other comprehensive income of associates and joint ventures	208	1,277	208	1,277
	252,715	(908,910)	252,715	(908,910)
Total other comprehensive income for the financial period, net of tax	251,939	(907,527)	251,939	(907,527)
Total comprehensive income for the financial period	1,462,940	(77,725)	1,462,940	(77,725)
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,425,708	(71,037)	1,425,708	(71,037)
Non-controlling interests	37,232	(6,688)	37,232	(6,688)
	1,462,940	(77,725)	1,462,940	(77,725)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Note	The Company			
		1st quarter ended		Three months ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	49,082	28,556	49,082	28,556
Interest expense	A19	(116,149)	(104,581)	(116,149)	(104,581)
Net interest expense		(67,067)	(76,025)	(67,067)	(76,025)
Net non-interest income	A20	8	1,032,607	8	1,032,607
Overheads	A21	(67,059)	956,582	(67,059)	956,582
		(4,190)	891	(4,190)	891
(Loss)/Profit before taxation		(71,249)	957,473	(71,249)	957,473
Taxation	B4	(38,464)	(1,500)	(38,464)	(1,500)
(Loss)/Profit for the financial period		(109,713)	955,973	(109,713)	955,973

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	The Company			
	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(109,713)	955,973	(109,713)	955,973
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	5,851	-	5,851	-
- Net gain from change in fair value	5,851	-	5,851	-
Other comprehensive income, net of tax	5,851	-	5,851	-
Total comprehensive (expense)/income for the financial period	(103,862)	955,973	(103,862)	955,973

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

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 MARCH 2017

	← Atributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium-ordinary share capital 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 2017	8,868,384	11,476,201	6,576,724	137,104	2,447,052	(563)	(43)	134,247	(1,710,752)	51,447	1,321,640	16,006,734	45,308,175	200,000	1,570,983	47,079,158
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,180,258	1,180,258	-	30,743	1,211,001
Other comprehensive income (net of tax)	-	-	177	-	53,156	-	-	191,996	(317)	438	-	245,450	245,450	-	6,489	251,939
- financial investments available-for-sales	-	-	-	-	-	-	-	191,996	-	-	-	-	191,996	-	4,403	196,399
- net investment hedge	-	-	-	-	-	-	-	-	501	-	-	-	501	-	-	501
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(42)	-	-	-	(42)	-	-	(42)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(776)	-	-	-	(776)	-	-	(776)
- currency translation difference	-	-	177	-	52,948	-	-	-	-	438	-	-	53,563	-	2,086	55,649
- share of other comprehensive income of associate and joint venture	-	-	-	-	208	-	-	-	-	-	-	-	208	-	-	208
Total comprehensive income for the financial period	-	-	177	-	53,156	-	-	191,996	(317)	438	-	1,180,258	1,425,708	-	37,232	1,462,940
Transition to no-par value regime on 31 January 2017 *	11,476,201	(11,476,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	78,256	(78,256)	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	14
Share-based payment expense	-	-	-	-	-	-	-	-	-	10,598	-	-	10,598	-	-	10,598
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	37,607	(27,675)	-	-	9,932	-	-	9,932
At 31 March 2017	20,344,585	-	6,576,901	137,104	2,500,208	(563)	(43)	326,243	(1,673,462)	34,808	1,399,896	17,108,736	46,754,413	200,000	1,608,229	48,562,642

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

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 MARCH 2017

The Group
31 March 2016

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium- ordinary share capital 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 2016	8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	813,804	813,804	-	15,998	829,802
Other comprehensive(expense)/ income (net of tax)	-	-	(578)	-	(1,339,226)	-	-	198,084	258,070	(1,191)	-	-	(884,841)	-	(22,686)	(907,527)
- financial investments available-for-sales	-	-	-	-	-	-	-	198,084	-	-	-	-	198,084	-	5,997	204,081
- net investment hedge	-	-	-	-	-	-	-	-	250,008	-	-	-	250,008	-	-	250,008
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	6,679	-	-	-	6,679	-	(4)	6,675
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	1,383	-	-	-	1,383	-	-	1,383
- currency translation difference	-	-	(578)	-	(1,340,503)	-	-	-	-	(1,191)	-	-	(1,342,272)	-	(28,679)	(1,370,951)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	1,277	-	-	-	-	-	-	-	1,277	-	-	1,277
Total comprehensive(expense)/ income for the financial period	-	-	(578)	-	(1,339,226)	-	-	198,084	258,070	(1,191)	-	813,804	(71,037)	-	(6,688)	(77,725)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	56,965	(56,965)	-	-	-	-
Transfer to capital reserve	-	-	-	1,108	-	-	-	-	-	-	-	-	1,108	-	-	1,108
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	24
Share-based payment expense	-	-	-	-	-	-	-	-	-	12,901	-	-	12,901	-	-	12,901
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	55,576	(48,733)	-	-	6,843	-	-	6,843
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(54,268)	-	-	-	(54,268)	-	-	(54,268)
At 31 March 2016	8,527,272	10,404,339	6,439,867	138,212	(253,968)	(563)	(43)	45,518	(1,260,343)	54,962	1,078,648	15,772,424	40,946,325	200,000	975,175	42,121,500

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CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Non-distributable				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2017	8,868,384	11,476,201	55,982	(43)	25,406	1,370,304	21,796,234
Loss for the financial period	-	-	-	-	-	(109,713)	(109,713)
Other comprehensive income (net of tax) - financial investments available-for-sales	-	-	-	-	5,851	-	5,851
Total comprehensive income/(expense) for the financial period	-	-	-	-	5,851	-	5,851
Transition to no-par value regime on 31 January 2017 *	11,476,201	(11,476,201)	-	-	-	(109,713)	(103,862)
At 31 March 2017	20,344,585	-	55,982	(43)	31,257	1,260,591	21,692,372

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

	Non-distributable				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2016	8,527,272	10,404,339	55,982	(43)	-	1,855,445	20,842,995
Profit for the financial period	-	-	-	-	-	955,973	955,973
Total comprehensive income for the financial period	-	-	-	-	-	955,973	955,973
At 31 March 2016	8,527,272	10,404,339	55,982	(43)	-	2,811,418	21,798,968

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	The Group		The Company	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	1,613,598	1,123,129	(71,249)	957,473
Adjustments for non-operating and non-cash items	227,521	582,077	(8,179)	(990,816)
Operating profit/(loss) before changes in working capital	1,841,119	1,705,206	(79,428)	(33,343)
Net changes in operating assets	(9,137,614)	4,026,419	(56,979)	(334)
Net changes in operating liabilities	15,528,158	3,329,211	(1,218)	20,073
	6,390,544	7,355,630	(58,197)	19,740
Cash flows generated from/(used in) operations	8,231,664	9,060,837	(137,625)	(13,604)
Taxation paid	(383,333)	(216,093)	(1,086)	(2,786)
Net cash flows generated from/ (used in) operating activities	7,848,331	8,844,744	(138,711)	(16,390)
Net cash flows (used in)/ generated from investing activities	(755,120)	927,730	(112,388)	1,033,042
Net cash flows generated from/ (used in) financing activities	5,699,640	2,481,762	(27,284)	179,323
Net increase/(decrease) in cash and cash equivalents during the financial period	12,792,850	12,254,235	(278,383)	1,195,976
Effects of exchange rate changes	(96,593)	(2,938,349)	-	-
Cash and short-term funds at beginning of the financial period	26,709,687	29,318,830	587,828	59,573
Cash and short-term funds at end of the financial period	39,405,944	38,634,716	309,445	1,255,549
Statutory deposits with Bank Indonesia*	(4,127,437)	(3,592,349)	-	-
Monies held in trust	(27,683)	(29,277)	-	-
Cash and cash equivalents at end of the financial period	35,250,824	35,013,090	309,445	1,255,549

* 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 2016

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 31 March 2017 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties 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 2016. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

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

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

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

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

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 March 2017:-

(a) On 28 February 2017, the Company announced that it will seek its shareholders’ approval at its 60th 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 28 April 2017.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2016 and the corresponding DRS was fixed for 30 March 2017. The Group had, on 28 April 2017, issued and allotted 183,726,322 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, 2 May 2017. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,052,110,498 shares.

(c) On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank Berhad, 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.

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

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

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

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

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

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

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

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

A4. DIVIDENDS PAID AND PROPOSED

A single-tier second interim dividend of 12.00 sen per ordinary share, on 8,868,379,268 ordinary shares amounting to RM1,064,205,512 in respect of the financial year ended 31 December 2016 was approved by the Board of Directors on 26 January 2017. The dividend consists of an electable portion of 12.00 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 RM193,342,746 was paid on 28 April 2017.

No dividend has been proposed during the financial period ended 31 March 2017.

A5. STATUS OF CORPORATE PROPOSAL

(a) 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 ("Proposed Partnership") in the region.

On 24 March 2017, CGS announced the passing of resolutions by its Board of Directors in connection with the Proposed Partnership through the Shanghai Stock Exchange and the Stock Exchange of Hong Kong. The Group will continue its discussion with CGI with a target to execute the definitive agreements by 2Q 2017.

(b) 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.

A6. EVENTS DURING THE REPORTING PERIOD

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

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 31 March 2017 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 March 2017	31 December 2016
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	1,741,241	651,044
Cagamas bonds	133,429	155,954
Malaysian Government treasury bills	961,152	184,701
Bank Negara Malaysia Monetary Notes	49,264	-
Negotiable instruments of deposit	6,790,785	5,746,031
Other Government securities	3,207,127	2,722,901
Other Government treasury bills	6,431,538	6,613,654
Commercial papers	299,308	14,864
Government Investment Issues	450,624	88,842
	20,064,468	16,177,991
Quoted securities:		
<i>In Malaysia:</i>		
Shares	506,867	445,965
<i>Outside Malaysia:</i>		
Shares	1,107,578	529,159
Corporate bond and Sukuk	368,464	169,861
Other Government bonds	810,256	1,002,564
Investment linked funds	83,877	82,132
	2,877,042	2,229,681
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bond and Sukuk	2,071,858	1,927,113
Shares	1	1
<i>Outside Malaysia:</i>		
Corporate bond and Sukuk	3,079,764	2,255,412
Private equity funds	180,444	178,450
	5,332,067	4,360,976
Total financial assets held for trading	28,273,577	22,768,648

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Company	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	627,991	492,289	-	-
Cagamas bonds	188,321	127,295	-	-
Khazanah bonds	162,315	167,700	-	-
Other Government securities	1,500,616	1,433,272	-	-
Government Investment Issues	342,997	202,788	-	-
Commercial papers	-	49,727	-	-
Negotiable instruments of deposit	356,113	597,838	-	-
Malaysian Government Sukuk	29,253	29,622	-	-
	3,207,606	3,100,531	-	-
Quoted securities:				
<i>In Malaysia:</i>				
Shares	166,080	167,493	-	-
<i>Outside Malaysia:</i>				
Shares	85,630	83,529	-	-
Corporate bond and Sukuk	1,916,007	1,872,670	-	-
Other Government bonds	3,569,436	3,480,792	-	-
Unit trusts	26,053	25,983	-	-
	5,763,206	5,630,467	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	12,826,347	13,118,868	1,457,827	1,432,249
Shares	1,138,312	1,138,312	-	-
Loan stocks	10,087	10,087	-	-
Property funds	351	350	-	-
Unit trusts	5,075	5,017	-	-
<i>Outside Malaysia:</i>				
Shares	54,818	52,846	-	-
Private equity funds and unit trust funds	524,975	504,091	-	-
Corporate bond and Sukuk	8,222,098	8,468,080	-	-
Loan stocks	318	1,445	-	-
	22,782,381	23,299,096	1,457,827	1,432,249
	31,753,193	32,030,094	1,457,827	1,432,249
Allowance for impairment losses:				
Corporate bond	(30,487)	(30,487)	-	-
Private equity funds	(144,041)	(145,715)	-	-
Quoted shares	(137,900)	(138,256)	-	-
Unquoted shares	(175,654)	(174,922)	-	-
Unit trusts	(374)	(364)	-	-
Loan stocks	(10,087)	(10,087)	-	-
	(498,543)	(499,831)	-	-
Total financial investments available-for-sale	31,254,650	31,530,263	1,457,827	1,432,249

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Company	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	2,110,805	2,122,657	-	-
Cagamas bonds	268,282	267,938	-	-
Other Government securities	403,913	1,499,993	-	-
Other Government treasury bills	862,201	20,089	-	-
Khazanah bonds	447,787	446,155	-	-
Government Investment Issues	7,225,023	7,035,108	-	-
	11,318,011	11,391,940	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond	216,448	217,481	-	-
Islamic bonds	8,314	8,355	-	-
Other Government bonds	2,256,048	2,363,526	-	-
Bank Indonesia certificates	123,897	158,899	-	-
	2,604,707	2,748,261	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond	15,036,692	13,665,073	2,037,951	2,012,667
Loan stocks	7,020	7,020	-	-
	17,646,349	16,247,746	2,037,951	2,012,667
<i>Outside Malaysia</i>				
Corporate bond	2,602,637	2,575,653	-	-
	17,646,349	16,247,746	2,037,951	2,012,667
	31,569,067	30,387,947	2,037,951	2,012,667
Amortisation of premium, net of accretion of discount	4,150	6,283	-	-
Less : Allowance for impairment losses	(12,894)	(12,925)	-	-
Total financial investments held-to-maturity	31,560,323	30,381,305	2,037,951	2,012,667

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Overdrafts	5,284,867	5,363,185
Term loans/financing		
- Housing loans/financing	83,758,985	81,362,800
- Syndicated term loans	18,427,668	20,564,303
- Hire purchase receivables	19,870,898	19,987,998
- Lease receivables	116,897	139,939
- Factoring receivables	26,018	38,594
- Other term loans/financing	121,642,284	121,719,863
Bills receivable	6,851,953	6,555,064
Trust receipts	1,808,256	1,704,124
Claims on customers under acceptance credits	5,296,212	4,850,336
Staff loans *	1,297,409	1,287,433
Credit card receivables	9,551,345	9,823,080
Revolving credits	48,820,423	48,796,358
Share margin financing	1,728,442	1,523,475
Other loans	3,860	3,007
Gross loans, advances and financing	324,485,517	323,719,559
Fair value changes arising from fair value hedge	124,288	149,815
	324,609,805	323,869,374
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,478,051)	(4,735,298)
- Portfolio impairment allowance	(3,711,548)	(3,761,178)
	(8,189,599)	(8,496,476)
Total net loans, advances and financing	316,420,206	315,372,898

* Included in staff loans of the Group are loans to Directors amounting to RM52,748,013 (2016: RM54,800,014).

(a) Included in the Group's loans, advances and financing balances are RM44,886,000 (2016: RM44,994,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM4,802,314,000 (2016: RM4,647,826,000), using interest rate swaps.

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

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Domestic banking institutions	46,645	96,082
Domestic non-bank financial institutions		
- stockbroking companies	8,466	3
- others	2,882,085	3,086,790
Domestic business enterprises		
- small medium enterprises	49,110,265	50,051,753
- others	60,395,884	60,638,463
Government and statutory bodies	9,427,247	9,857,704
Individuals	156,993,346	154,666,779
Other domestic entities	4,624,587	4,337,367
Foreign entities	40,996,992	40,984,618
Gross loans, advances and financing	<u>324,485,517</u>	<u>323,719,559</u>

(iii) By interest/profit rate sensitivity

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,668,770	2,845,154
- Hire-purchase receivables	11,569,897	11,361,142
- Other fixed rate loans	39,557,112	39,725,012
Variable rate		
- BLR plus	150,050,780	150,723,542
- Cost plus	41,920,194	42,368,628
- Other variable rates	78,718,764	76,696,081
Gross loans, advances and financing	<u>324,485,517</u>	<u>323,719,559</u>

(iv) By economic purpose

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Personal use	12,660,761	12,429,682
Credit card	9,551,345	9,823,080
Purchase of consumer durables	95,665	100,997
Construction	11,690,975	11,877,324
Residential property (Housing)	86,574,562	84,219,483
Non-residential property	24,887,890	24,822,758
Purchase of fixed assets other than land and building	17,508,207	18,160,304
Mergers and acquisitions	4,297,150	4,600,566
Purchase of securities	26,291,624	26,587,098
Purchase of transport vehicles	22,419,427	22,720,915
Working capital	87,459,391	86,641,012
Other purposes	21,048,520	21,736,340
Gross loans, advances and financing	<u>324,485,517</u>	<u>323,719,559</u>

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

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Malaysia	184,186,428	181,699,039
Indonesia	63,002,788	65,314,761
Thailand	30,069,278	30,454,951
Singapore	31,276,714	30,694,519
United Kingdom	4,665,729	4,331,749
Hong Kong	2,585,169	2,204,945
China	1,102,779	1,956,349
Other countries	7,596,632	7,063,246
Gross loans, advances and financing	<u>324,485,517</u>	<u>323,719,559</u>

(vi) By residual contractual maturity

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Within one year	73,416,551	74,087,837
One year to less than three years	38,815,391	39,229,772
Three years to less than five years	33,751,853	35,849,237
Five years and more	178,501,722	174,552,713
Gross loans, advances and financing	<u>324,485,517</u>	<u>323,719,559</u>

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

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Personal use	338,620	346,573
Credit card	232,486	260,232
Purchase of consumer durables	178	329
Construction	1,304,802	1,268,991
Residential property (Housing)	1,589,251	1,596,083
Non-residential property	262,752	265,796
Purchase of fixed assets other than land and building	1,221,228	1,309,408
Purchase of securities	172,029	172,356
Purchase of transport vehicles	345,170	369,322
Working capital	3,979,844	4,115,409
Other purpose	844,833	940,840
Gross impaired loans, advances and financing	<u>10,291,193</u>	<u>10,645,339</u>

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

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Malaysia	3,589,464	3,716,471
Indonesia	3,949,761	4,154,621
Thailand	1,979,416	2,127,898
Singapore	562,493	438,360
United Kingdom	7,109	4,855
China	64,888	67,095
Other countries	138,062	136,039
Gross impaired loans, advances and financing	<u>10,291,193</u>	<u>10,645,339</u>

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	10,645,339	9,081,759
Classified as impaired during the period/year	1,645,637	6,641,453
Reclassified as not impaired during the period/year	(741,725)	(2,356,374)
Amount written back in respect of recoveries	(290,405)	(995,260)
Amount written off	(594,956)	(2,279,957)
Sale of impaired loans	(339,943)	-
Exchange fluctuation	(32,754)	553,718
At 31 March/31 December	10,291,193	10,645,339
Ratio of gross impaired loans to gross loans, advances and financing	3.17%	3.29%

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

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
<u>Individual impairment allowance</u>		
At 1 January	4,735,298	4,256,108
Net allowance made during the period/year	167,254	1,351,850
Amount written off	(198,021)	(1,052,020)
Amount transferred to portfolio impairment allowance	-	(11,402)
Allowance for impaired loan disposed to third party	(238,080)	-
Unwinding income	(1,984)	(9,274)
Exchange fluctuation	13,584	200,036
At 31 March/31 December	4,478,051	4,735,298
<u>Portfolio impairment allowance</u>		
At 1 January	3,761,178	3,435,066
Net allowance made during the period/year	368,979	1,399,726
Amount transferred from individual impairment allowance	-	11,402
Amount written off	(396,218)	(1,208,889)
Unwinding income	(13,083)	(52,341)
Exchange fluctuation	(9,308)	176,214
At 31 March/31 December	3,711,548	3,761,178
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	1.64%	1.64%

A12. OTHER ASSETS

	The Group		The Company	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Due from brokers and clients net of allowance for doubtful debts	3,910,719	4,599,166	-	-
Other debtors, deposits and prepayments, net of allowance for doubtful debts	6,502,039	3,433,551	41,647	632
Due from a joint venture	1,169,707	1,197,832	-	-
Structured financing	1,694,760	1,997,845	-	-
Foreclosed assets net of allowance for impairment losses	294,716	300,527	-	-
Collateral for securities lending	416,049	189,851	-	-
Collateral pledged for derivative transactions	3,759,649	4,806,366	-	-
	17,747,639	16,525,138	41,647	632

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
<u>By type of deposit</u>		
Demand deposits	78,524,942	73,468,034
Savings deposits	48,579,853	47,032,189
Fixed deposits	146,241,556	146,811,268
Negotiable instruments of deposit	956,068	1,301,247
Others	77,315,428	67,632,804
	351,617,847	336,245,542

By type of customer

Government and statutory bodies	11,617,600	11,325,217
Business enterprises	123,188,563	117,053,946
Individuals	149,803,171	144,858,146
Others	67,008,513	63,008,233
	351,617,847	336,245,542

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

Due within six months	118,586,747	125,645,244
Six months to less than one year	23,684,994	18,321,637
One year to less than three years	3,685,835	3,315,225
Three years to less than five years	951,739	823,792
Five years and more	288,309	6,617
	147,197,624	148,112,515

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Unrestricted investment accounts	255,349	254,408

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Licensed banks	24,309,745	24,720,127
Licensed finance companies	1,191,664	892,184
Licensed investment banks	218,990	19,263
Bank Negara Malaysia	5,534	51,747
Other financial institutions	2,870,084	3,052,790
	28,596,017	28,736,111

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

Due within six months	25,569,764	25,251,595
Six months to less than one year	2,316,249	2,816,063
One year to less than three years	201,351	196,249
Three years to less than five years	153,742	154,196
Five years and more	354,911	318,008
	28,596,017	28,736,111

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Deposits from customers - structured investments	2,114,408	2,006,644
Bills payables	1,089,543	807,881
Debentures	1,728,072	1,553,052
	4,932,023	4,367,577

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 March 2017 of financial liabilities designated at fair value were RM414,492,000 (2016: RM431,079,000) lower than the contractual amount at maturity for the structured investments, RM15,188,000 (2016: RM12,538,000) lower than the contractual amount at maturity for the debentures and RM203,173,000 (2016: RM182,391,000) higher than the contractual amount at maturity for 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 March	31 December	31 March	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	3,484,672	4,107,351	-	-
Expenditure payable	1,906,543	2,065,129	1,953	2,069
Provision for legal claims	64,278	65,601	-	-
Sundry creditors	3,060,558	1,495,400	1	1
Allowance for commitments and contingencies	49,791	43,169	-	-
Post employment benefit obligations	500,522	467,151	-	-
Credit card expenditure payable	216,196	212,089	-	-
Collateral received for derivative transactions	2,317,665	3,148,558	-	-
Collateral for securities borrowings	193,795	10,559	-	-
Others	1,820,609	1,724,938	-	-
	13,614,629	13,339,945	1,954	2,070

A18. INTEREST INCOME

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Loans, advances and financing				
- Interest income	3,947,024	3,814,228	3,947,024	3,814,228
- Unwinding income [^]	30,868	22,073	30,868	22,073
Money at call and deposit placements with financial institutions	149,970	132,621	149,970	132,621
Reverse repurchase agreements	42,858	44,326	42,858	44,326
Financial assets held for trading	100,169	108,932	100,169	108,932
Financial investments available-for-sale	291,693	315,059	291,693	315,059
Financial investments held-to-maturity	276,764	251,848	276,764	251,848
Others	12,163	5,831	12,163	5,831
	4,851,509	4,694,918	4,851,509	4,694,918
Accretion of discounts, net of amortisation of premiums	(8,632)	(6,892)	(8,632)	(6,892)
	4,842,877	4,688,026	4,842,877	4,688,026
The Company				
Money at call and deposit placements with financial institutions	3,847	2,877	3,847	2,877
Financial investments available-for-sale	19,726	-	19,726	-
Financial investments held-to-maturity	25,509	25,679	25,509	25,679
	49,082	28,556	49,082	28,556

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

A19. INTEREST EXPENSE

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits and placements of banks and other financial institutions	85,408	60,261	85,408	60,261
Deposits from other customers	1,651,274	1,702,406	1,651,274	1,702,406
Repurchase agreements	24,411	67,313	24,411	67,313
Bonds and debentures	59,560	73,618	59,560	73,618
Subordinated obligations	226,970	211,291	226,970	211,291
Financial liabilities designated at fair value	30,636	35,159	30,636	35,159
Negotiable certificates of deposits	44,546	60,422	44,546	60,422
Other borrowings	37,475	67,655	37,475	67,655
Recourse obligation on loan and financing sold to Cagamas	29,763	22,514	29,763	22,514
Others	7,289	3,562	7,289	3,562
	2,197,332	2,304,201	2,197,332	2,304,201
The Company				
Subordinated obligations	79,358	60,294	79,358	60,294
Other borrowings	36,791	44,287	36,791	44,287
	116,149	104,581	116,149	104,581

A20. NET NON-INTEREST INCOME

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	239,927	190,084	239,927	190,084
Fee on loans, advances and financing	147,225	114,550	147,225	114,550
Portfolio management fees	-	5,864	-	5,864
Service charges and fees	174,588	164,321	174,588	164,321
Corporate advisory and arrangement fees	6,439	8,333	6,439	8,333
Guarantee fees	17,047	13,118	17,047	13,118
Other fee income	53,134	73,780	53,134	73,780
Placement fees	4,356	11,049	4,356	11,049
Underwriting commission	10,160	4,382	10,160	4,382
Fee and commission income	652,876	585,481	652,876	585,481
Fee and commission expense	(157,523)	(125,887)	(157,523)	(125,887)
Net fee and commission income	495,353	459,594	495,353	459,594
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	1,814	4,049	1,814	4,049
- Financial investments available-for-sale	2,000	-	2,000	-
<i>Outside Malaysia</i>				
- Financial assets held for trading	327	64	327	64
- Financial investments available-for-sale	229	357	229	357
	4,370	4,470	4,370	4,470
(c) Net gain/(loss) arising from financial assets held for trading	408,259	151,897	408,259	151,897
- realised	85,138	(85,268)	85,138	(85,268)
- unrealised	323,121	237,165	323,121	237,165
(d) Net (loss)/gain arising from derivative financial instruments	(184,866)	99,942	(184,866)	99,942
- realised	335,201	174,203	335,201	174,203
- unrealised	(520,067)	(74,261)	(520,067)	(74,261)
(e) Net loss arising from financial liability designated at fair value	(22,891)	(310,875)	(22,891)	(310,875)
- realised	(7,744)	(3,136)	(7,744)	(3,136)
- unrealised	(15,147)	(307,739)	(15,147)	(307,739)
(f) Net gain/(loss) arising from hedging activities	4,194	(35,165)	4,194	(35,165)
(g) Net gain from sale of financial investments available-for-sale	28,034	39,743	28,034	39,743
(h) Income from assets management and securities services	86,560	79,721	86,560	79,721
(i) Brokerage income	92,825	84,953	92,825	84,953
(j) Other non-interest income:				
Foreign exchange loss	235,400	262,576	235,400	262,576
Rental income	5,956	5,892	5,956	5,892
Gain on disposal of property, plant and equipment/ assets held for sale	5,591	1,226	5,591	1,226
Underwriting surplus before management expenses	-	2,249	-	2,249
Loss on disposal of foreclosed properties	(3,005)	(6,431)	(3,005)	(6,431)
Other non-operating income	82,562	64,190	82,562	64,190
	326,504	329,702	326,504	329,702
Total other operating income	1,238,342	903,982	1,238,342	903,982

A20. NET NON-INTEREST INCOME (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Company				
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Subsidiaries	-	1,032,542	-	1,032,542
(d) Net gain arising from derivative financial instruments				
- unrealised	-	1	-	1
(j) Other non-interest income:				
Foreign exchange loss	(63)	(7)	(63)	(7)
Rental income	71	71	71	71
	8	64	8	64
	8	1,032,607	8	1,032,607

A21. OVERHEADS

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,026,663	909,336	1,026,663	909,336
- Pension cost	103,998	93,792	103,998	93,792
- Overtime	8,397	8,519	8,397	8,519
- Staff incentives and other staff payments	54,974	63,645	54,974	63,645
- Medical expenses	26,315	27,286	26,315	27,286
- Others	56,836	52,424	56,836	52,424
	1,277,183	1,155,002	1,277,183	1,155,002
Establishment costs				
- Depreciation of property, plant and equipment	88,880	80,149	88,880	80,149
- Amortisation of intangible assets	89,918	80,082	89,918	80,082
- Amortisation of prepaid lease payments	2,833	2,834	2,833	2,834
- Rental	141,304	138,584	141,304	138,584
- Repair and maintenance	157,532	143,871	157,532	143,871
- Outsourced services	21,202	28,752	21,202	28,752
- Security expenses	30,991	32,032	30,991	32,032
- Others	47,120	51,829	47,120	51,829
	579,780	558,133	579,780	558,133
Marketing expenses				
- Sales commission	1,501	1,952	1,501	1,952
- Advertisement	47,235	60,635	47,235	60,635
- Others	17,462	20,100	17,462	20,100
	66,198	82,687	66,198	82,687
Administration and general expenses				
- Legal and professional fees	48,113	35,050	48,113	35,050
- Stationery	15,485	15,998	15,485	15,998
- Communication	31,840	28,930	31,840	28,930
- Incidental expenses on banking operations	9,463	15,979	9,463	15,979
- Insurance	75,018	68,901	75,018	68,901
- Others	192,652	176,205	192,652	176,205
	372,571	341,063	372,571	341,063
	2,295,732	2,136,885	2,295,732	2,136,885

A21. OVERHEADS (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	32	-	32	-
Establishment costs				
- Depreciation of property, plant and equipment	55	55	55	55
- Depreciation of investment properties	5	5	5	5
- Repair and maintenance	3	4	3	4
- Others	18	24	18	24
	81	88	81	88
Marketing expenses				
- Advertisement	-	11	-	11
- Others	-	3	-	3
	-	14	-	14
Administration and general expenses				
- Legal and professional fees	1,720	1,309	1,720	1,309
- Others	2,357	(2,302)	2,357	(2,302)
	4,077	(993)	4,077	(993)
	4,190	(891)	4,190	(891)

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

	1st quarter ended		Three months ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
The Group				
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	167,254	267,567	167,254	267,567
- Portfolio impairment allowance	368,979	284,915	368,979	284,915
Impaired loans, advances and financing:				
- recovered	(117,523)	(93,616)	(117,523)	(93,616)
- written off	5,807	5,689	5,807	5,689
	424,517	464,555	424,517	464,555

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 March 2017	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	29,648,436	473,694	(783,780)	-	-	-
- Less than 1 year	26,271,115	423,985	(334,213)	-	-	-
- 1 year to 3 years	2,382,031	31,651	(239,359)	-	-	-
- More than 3 years	995,290	18,058	(210,208)	-	-	-
Currency swaps	189,397,077	1,387,016	(1,171,835)	-	-	-
- Less than 1 year	187,868,120	1,355,717	(1,164,724)	-	-	-
- 1 year to 3 years	721,433	24,831	(4,178)	-	-	-
- More than 3 years	807,524	6,468	(2,933)	-	-	-
Currency spot	6,483,099	6,189	(7,803)	-	-	-
- Less than 1 year	6,483,099	6,189	(7,803)	-	-	-
Currency options	16,673,283	385,543	(418,512)	-	-	-
- Less than 1 year	13,890,037	193,498	(222,879)	-	-	-
- 1 year to 3 years	1,005,645	36,502	(42,495)	-	-	-
- More than 3 years	1,777,601	155,543	(153,138)	-	-	-
Cross currency interest rate swaps	67,383,051	3,857,807	(3,833,575)	-	-	-
- Less than 1 year	17,507,692	774,707	(496,879)	-	-	-
- 1 year to 3 years	20,600,902	1,094,126	(1,876,640)	-	-	-
- More than 3 years	29,274,457	1,988,974	(1,460,056)	-	-	-
	309,584,946	6,110,249	(6,215,505)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	443,826,363	2,538,345	(1,863,516)	-	-	-
- Less than 1 year	152,478,767	600,555	(613,584)	-	-	-
- 1 year to 3 years	140,325,261	527,571	(322,250)	-	-	-
- More than 3 years	151,022,335	1,410,219	(927,682)	-	-	-
Interest rate futures	8,221,240	2,190	(7,689)	-	-	-
- Less than 1 year	6,650,365	1,989	(6,630)	-	-	-
- 1 year to 3 years	907,125	201	(473)	-	-	-
- More than 3 years	663,750	-	(586)	-	-	-
Interest rate options	63	1	(1)	-	-	-
- More than 3 years	63	1	(1)	-	-	-
	452,047,666	2,540,536	(1,871,206)	-	-	-
<u>Equity related derivatives</u>						
Equity futures	521,128	3,563	(3,360)	-	-	-
- Less than 1 year	521,128	3,563	(3,360)	-	-	-
Equity options	9,432,355	111,056	(403,307)	-	-	-
- Less than 1 year	2,694,852	20,362	(369,183)	-	-	-
- 1 year to 3 years	4,408,782	87,569	(31,805)	-	-	-
- More than 3 years	2,328,721	3,125	(2,319)	-	-	-
Equity swaps	993,342	8,991	(1,079)	-	-	-
- Less than 1 year	82,953	7,842	(85)	-	-	-
- More than 3 years	729,891	1,149	(994)	-	-	-
	10,946,825	123,610	(407,746)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 March 2017	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	3,441,678	158,883	(188,560)	-	-	-
- Less than 1 year	3,154,249	122,863	(161,172)	-	-	-
- 1 year to 3 years	287,429	36,020	(27,388)	-	-	-
Commodity futures	2,642,581	54,798	(55,328)	-	-	-
- Less than 1 year	2,642,581	54,798	(55,328)	-	-	-
Commodity options	5,074,674	242,671	(222,789)	-	-	-
- Less than 1 year	4,656,910	238,018	(218,167)	-	-	-
- 1 year to 3 years	417,764	4,653	(4,622)	-	-	-
	11,158,933	456,352	(466,677)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	7,438,755	27,684	(50,311)	-	-	-
- Less than 1 year	2,076,445	8,450	(9,425)	-	-	-
- 1 year to 3 years	333,009	3,576	(2,597)	-	-	-
- More than 3 years	5,029,301	15,658	(38,289)	-	-	-
Total return swaps	1,650,688	9,217	(17,140)	-	-	-
- Less than 1 year	1,342,788	6,228	(13,012)	-	-	-
- More than 3 years	307,900	2,989	(4,128)	-	-	-
	9,089,443	36,901	(67,451)	-	-	-
<u>Bond contract</u>						
Bond Forward	457,008	5,480	(974)	-	-	-
- Less than 1 year	167,078	600	(402)	-	-	-
- 1 year to 3 years	64,261	-	(57)	-	-	-
- More than 3 years	225,669	4,880	(515)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	27,557,810	135,273	(426,005)	-	-	-
- Less than 1 year	5,080,924	21,670	(9,420)	-	-	-
- 1 year to 3 years	4,376,609	4,272	(78,096)	-	-	-
- More than 3 years	18,100,277	109,331	(338,489)	-	-	-
Currency swaps	3,606,248	29,966	(32,564)	-	-	-
- Less than 1 year	3,606,248	29,966	(32,564)	-	-	-
Cross currency interest rate swaps	4,371,540	53,652	(332,081)	-	-	-
- Less than 1 year	623,399	25,563	(35,747)	-	-	-
- 1 year to 3 years	2,220,749	26,704	(222,988)	-	-	-
- More than 3 years	1,527,392	1,385	(73,346)	-	-	-
	35,658,864	218,891	(790,805)	-	-	-
Total derivative assets/(liabilities)	828,943,685	9,492,019	(9,820,364)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	26,790,129	784,615	(931,449)	-	-	-
- 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	157,975,307	1,743,656	(1,579,208)	-	-	-
- 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	3,088,239	5,456	(2,964)	-	-	-
- Less than 1 year	3,088,239	5,456	(2,964)	-	-	-
Currency options	15,616,068	545,674	(572,324)	-	-	-
- Less than 1 year	12,931,158	283,550	(323,530)	-	-	-
- 1 year to 3 years	838,743	37,932	(42,281)	-	-	-
- More than 3 years	1,846,167	224,192	(206,513)	-	-	-
Cross currency interest rate swaps	67,587,097	4,741,311	(4,845,664)	-	-	-
- 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)	-	-	-
	271,056,840	7,820,712	(7,931,609)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	439,987,712	2,714,322	(2,029,719)	-	-	-
- Less than 1 year	170,950,348	146,710	(151,805)	-	-	-
- 1 year to 3 years	121,428,928	791,409	(549,879)	-	-	-
- More than 3 years	147,608,436	1,776,203	(1,328,035)	-	-	-
Interest rate futures	7,046,879	8,574	(9,312)	-	-	-
- 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	62,135	14	(14)	-	-	-
- Less than 1 year	62,011	13	(13)	-	-	-
- More than 3 years	124	1	(1)	-	-	-
	447,096,726	2,722,910	(2,039,045)	-	-	-
<u>Equity related derivatives</u>						
Equity futures	265,830	1,219	(2,444)	-	-	-
- Less than 1 year	265,830	1,219	(2,444)	-	-	-
Equity options	9,974,663	145,919	(198,893)	-	-	-
- 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	740,684	1,675	(7,391)	-	-	-
- Less than 1 year	54,316	-	(5,700)	-	-	-
- More than 3 years	686,368	1,675	(1,691)	-	-	-
	10,981,177	148,813	(208,728)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	3,684,103	320,888	(514,252)	-	-	-
- Less than 1 year	3,054,547	272,582	(366,043)	-	-	-
- 1 year to 3 years	629,556	48,306	(148,209)	-	-	-
Commodity futures	6,472,099	405,180	(191,328)	-	-	-
- Less than 1 year	5,603,437	341,747	(176,720)	-	-	-
- 1 year to 3 years	868,662	63,433	(14,608)	-	-	-
Commodity options	4,202,954	227,122	(205,748)	-	-	-
- Less than 1 year	4,180,748	222,255	(189,004)	-	-	-
- 1 year to 3 years	22,206	4,867	(16,744)	-	-	-
	14,359,156	953,190	(911,328)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	6,646,528	56,699	(66,141)	-	-	-
- 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	1,318,600	6,331	(37,090)	-	-	-
- Less than 1 year	1,009,350	348	(29,613)	-	-	-
- More than 3 years	309,250	5,983	(7,477)	-	-	-
	7,965,128	63,030	(103,231)	-	-	-
Bond contract						
Bond forward	265,216	14,388	(429)	-	-	-
- Less than 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,573	4,348	(429)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	25,791,078	115,783	(396,530)	-	-	-
- 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	15,789,847	92,004	(311,576)	-	-	-
Currency forward	129,976	78	-	-	-	-
- Less than 1 year	129,976	78	-	-	-	-
Currency swaps	4,971,124	60,331	(163,051)	-	-	-
- Less than 1 year	4,971,124	60,331	(163,051)	-	-	-
Cross currency interest rate swaps	4,355,932	106,949	(383,641)	-	-	-
- 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)	-	-	-
	35,248,110	283,141	(943,222)	-	-	-
Total derivative assets/(liabilities)	786,972,353	12,006,184	(12,137,592)	-	-	-

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 March 2017, the amount of credit risk in the Group and the Company, measured in terms of the cost to replace the profitable contracts, was RM9,492,019,000 and Nil respectively (2016: RM12,006,184,000 and Nil respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 March 2017, the Group has posted cash collateral of RM3,759,649,000 (31 December 2016: RM4,806,366,000) 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 2016 and the Risk Management section of the 2016 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 March 2017	31 December 2016
	Principal Amount RM'000	Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	6,444,811	7,031,342
Certain transaction-related contingent items	7,083,698	7,076,233
Short-term self-liquidating trade-related contingencies	4,619,106	4,437,262
Obligations under underwriting agreement	188,773	13,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	53,253,383	51,984,418
- maturity exceeding one year	31,055,651	28,267,348
Miscellaneous commitments and contingencies	2,812,567	2,384,757
Total credit-related commitments and contingencies	105,457,989	101,194,860
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	256,372,976	220,126,813
- one year to five years	46,659,404	46,805,928
- more than five years	14,653,620	13,581,131
	317,686,000	280,513,872
<u>Interest rate related contracts</u>		
- less than one year	164,210,056	181,089,807
- one year to five years	260,027,209	243,159,661
- more than five years	55,368,211	48,638,336
	479,605,476	472,887,804
<u>Equity related contracts</u>		
- less than one year	3,298,933	2,928,500
- one year to five years	7,177,860	7,630,301
- more than five years	470,032	422,376
	10,946,825	10,981,177
<u>Credit related contracts</u>		
- less than one year	3,419,233	3,176,847
- one year to five years	3,212,289	3,924,885
- more than five years	2,457,921	863,396
	9,089,443	7,965,128
<u>Commodity related contracts</u>		
- less than one year	10,453,740	12,838,732
- one year to five years	705,193	1,520,424
	11,158,933	14,359,156
<u>Bond contracts</u>		
- less than one year	167,078	137,643
- one year to five years	179,930	37,573
- more than five years	110,000	90,000
	457,008	265,216
Total treasury-related commitments and contingencies	828,943,685	786,972,353
	934,401,674	888,167,213

- (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"), and obtained a stand over of taxes from IRB on 13 April 2017. 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.

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

A25. CAPITAL ADEQUACY (Continued)

31 March 2017

(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	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	10.795% ^	13.634%	10.517%	11.313% ^	27.576%	16.899%	N/A	N/A
Tier 1 ratio	12.252% ^	14.360%	10.517%	12.506% ^	27.576%	16.899%	N/A	N/A
Total capital ratio	15.953% ^	16.356%	16.150%	16.132% ^	27.576%	18.212%	21.072%	415.457%

(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	CIMB Bank (Vietnam) Ltd RM'000
Credit risk	140,037,735	22,596,707	22,963,686	188,639,773	1,381,959	54,325,456	1,626,957	149,760
Market risk	11,796,130	678,418	4,245,900	14,854,983	50,646	559,643	-	-
Operational risk	13,715,673	2,204,932	2,145,209	18,654,541	583,004	8,251,749	-	-
Large exposure risk	709,919	-	-	709,919	-	-	-	-
	166,259,457	25,480,057	29,354,795	222,859,216	2,015,609	63,136,848	1,626,957	149,760

(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	CIMB Bank (Vietnam) Ltd RM'000
Common Equity Tier I capital								
Ordinary share capital	16,186,711 *	1,000,000	1,592,045	16,186,711 *	100,000	535,382	276,563	622,836
Other reserves	11,667,303 **	2,953,355	1,868,872	17,517,353 **	484,236##	10,449,257	28,221	(648)
Qualifying non-controlling interests	-	-	-	304,884	-	-	-	-
Common Equity Tier I capital before regulatory adjustments	27,854,014	3,953,355	3,460,917	34,008,948	584,236	10,984,639	304,784	622,188
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,204,081)	(964)	-	-	-
Intangible assets	(793,533)	(78,559)	(37,212)	(892,800)	-	-	(1,456)	-
Deferred tax assets	(183,166)	(14,345)	(138,715)	(411,958)	(18,126)	(57,970)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,993,346)	-	-	(709,083)	(6,834)	(256,946)	-	-
Deduction in excess of Tier I & Tier 2 capital	-	-	-	-	(287)	-	-	-
Shortfall of eligible provisions to expected losses	-	(30,330)	-	-	-	-	-	-
Others	(1,380,422)	(220,174)	(197,689)	(1,578,693)	(2,193)	-	(5,062)	-
Common Equity Tier I capital after regulatory adjustments	17,948,472	3,473,947	3,087,301	25,212,333	555,832	10,669,723	298,266	622,188
Additional Tier I capital								
Perpetual preference shares	200,000	185,000	-	200,000	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	59,749	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	185,000	-	2,659,749	-	-	-	-
Less: Regulatory adjustments								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(178,226)	-	-	(2,226)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,421,774	185,000	-	2,657,523	-	-	-	-
Total Tier I Capital	20,370,246	3,658,947	3,087,301	27,869,856	555,832	10,669,723	298,266	622,188
Tier II capital								
Subordinated notes	7,050,000	435,000	1,553,364	7,050,000	-	282,478	30,975	-
Redeemable preference shares	29,740	-	-	29,740	5	-	-	-
Surplus of eligible provision over expected loss	372,296	-	-	165,242	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	405,358	-	-	-	-
Portfolio impairment allowance & Regulatory reserve √	246,566	73,499	100,196	608,900	2,177	546,507	13,587	-
Tier II capital before regulatory adjustments	7,698,602	508,499	1,653,560	8,259,240	2,182	828,985	44,562	-
Less: Regulatory adjustments								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,545,368)	-	-	(177,827)	(2,469)	-	-	-
Total Tier II capital	6,153,234	508,499	1,653,560	8,081,413	-	828,985	44,562	-
Total capital base	26,523,480	4,167,446	4,740,861	35,951,269	555,832	11,498,708	342,828	622,188

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 March 2017 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM173 million, RM155 million and RM17 million respectively.

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

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

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

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

** includes the proposed single tier second interim dividend of RM57 million in respect of the financial year ended 31 December 2016 which was paid on 4 April 2017

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
Before deducting proposed dividend							
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%
After deducting proposed dividend							
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 **	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	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 **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital							
Ordinary share capital	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
Less: Regulatory adjustments							
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 2 capital	-	-	-	-	(1,193)	-	-
Shortfall of eligible provisions to expected losses	-	(30,571)	-	-	-	-	-
Others	(1,246,394)	(201,344)	(192,648,000)	(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
Additional Tier I capital							
Perpetual preference shares	200,000	192,000	-	200,000	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-
Qualifying capital instruments held by third parties	-	-	-	60,423	-	-	-
Additional Tier I capital before 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 before and after regulatory adjustments	2,461,432	192,000	-	2,653,855	-	-	-
Total Tier I Capital	21,382,121	3,657,757	3,019,492	27,918,671	560,134	10,432,595	217,302
Tier II capital							
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 [√]	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
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,571,006)	-	-	(359,121)	(3,402)	-	-
Total Tier II capital	5,131,334	588,594	1,613,778	7,904,545	-	890,636	45,045
Total capital base	26,513,455	4,246,351	4,633,270	35,823,216	560,134	11,323,231	262,347

[√] 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.

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

[^] 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.

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.

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
31 March 2017						
Net interest income						
- external income	1,393,425	385,107	691,756	7,013	168,244	2,645,545
- inter-segment (expense)/income	(137,124)	18,813	107,062	(52)	11,301	-
	1,256,301	403,920	798,818	6,961	179,545	2,645,545
Income from Islamic Banking operations	229,266	47,157	130,537	(6)	67,002	473,956
Net non-interest income	441,579	120,134	554,706	96,056	25,867	1,238,342
Gain on disposal of subsidiaries and associates	-	-	-	2,654	-	2,654
Net income	1,927,146	571,211	1,484,061	105,665	272,414	4,360,497
Overheads	(1,087,796)	(302,848)	(712,282)	(71,658)	(121,148)	(2,295,732)
of which:						
- Depreciation of property, plant and equipment	(35,731)	(1,837)	(13,624)	(4,782)	(32,906)	(88,880)
- Amortisation of prepaid lease payments	186	(13)	(46)	-	(2,960)	(2,833)
- Amortisation of intangible assets	(15,944)	(1,176)	(6,242)	(3,362)	(63,194)	(89,918)
Profit before allowances	839,350	268,363	771,779	34,007	151,266	2,064,765
Allowance made for impairment losses on loans, advances and financing	(277,847)	(121,294)	(22,964)	-	(2,412)	(424,517)
Allowance made for losses on other receivables	(2,529)	(2,299)	(19,574)	(207)	(1,427)	(26,036)
Allowance made for commitments and contingencies	-	(2,738)	(2,222)	-	-	(4,960)
Allowance written back for other impairment losses	-	-	-	-	64	64
Segment results	558,974	142,032	727,019	33,800	147,491	1,609,316
Share of results of joint ventures	2,245	-	-	849	-	3,094
Share of results of associates	-	-	-	1,188	-	1,188
Profit before taxation	561,219	142,032	727,019	35,837	147,491	1,613,598
% of profit before taxation	34.7	8.8	45.1	2.2	9.2	100.0
Taxation						(402,597)
Profit for the financial period						1,211,001

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
31 March 2016						
Net interest income						
- external income	1,246,375	377,197	711,538	10,979	37,736	2,383,825
- inter-segment (expense)/income	(110,037)	7,181	34,027	(3)	68,832	-
	1,136,338	384,378	745,565	10,976	106,568	2,383,825
Income from Islamic Banking operations	197,641	47,062	134,892	2,412	55,504	437,511
Net non-interest income	406,254	75,349	397,292	101,093	(76,006)	903,982
Net income	1,740,233	506,789	1,277,749	114,481	86,066	3,725,318
Overheads	(1,043,576)	(269,243)	(652,593)	(84,875)	(86,598)	(2,136,885)
of which:						
- Depreciation of property, plant and equipment	(32,072)	(2,360)	(10,185)	(5,684)	(29,848)	(80,149)
- Amortisation of prepaid lease payments	125	(12)	(43)	-	(2,904)	(2,834)
- Amortisation of intangible assets	(16,054)	(1,356)	(7,236)	(3,241)	(52,195)	(80,082)
Profit/(Loss) before allowances	696,657	237,546	625,156	29,606	(532)	1,588,433
Allowance made for impairment losses on loans, advances and financing	(135,529)	(83,191)	(242,435)	-	(3,400)	(464,555)
Allowance (made)/written back for losses on other receivables	(3,807)	(338)	(48,773)	109	1,573	(51,236)
Allowance written back for other impairment losses	-	-	124	-	551	675
Segment results	557,321	154,017	334,072	29,715	(1,808)	1,073,317
Share of results of joint ventures	1,024	-	-	(874)	-	150
Share of results of associates	-	-	-	49,662	-	49,662
Profit/(Loss) before taxation	558,345	154,017	334,072	78,503	(1,808)	1,123,129
% of profit before taxation	49.7	13.7	29.7	7.0	(0.1)	100.0
Taxation						(293,327)
Profit for the financial period						829,802

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 March 2017 and 31 December 2016.

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
Financial assets					
Financial assets held for trading					
- Money market instruments	20,064,468	-	20,064,468	-	20,064,468
- Quoted securities	2,877,042	2,569,602	307,440	-	2,877,042
- Unquoted securities	5,332,067	-	5,151,621	180,446	5,332,067
Financial investments available-for-sale					
- Money market instruments	3,207,606	-	3,207,606	-	3,207,606
- Quoted securities	5,625,306	2,576,749	3,048,557	-	5,625,306
- Unquoted securities	22,421,738	57	21,070,707	1,350,974	22,421,738
Derivative financial instruments					
- Trading derivatives	9,242,763	60,516	9,115,871	66,376	9,242,763
- Hedging derivatives	249,256	-	249,256	-	249,256
Total	69,020,246	5,206,924	62,215,526	1,597,796	69,020,246
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	8,899,072	146,969	8,428,071	324,032	8,899,072
- Hedging derivatives	921,292	-	921,292	-	921,292
Financial liabilities designated at fair value	4,932,023	-	4,541,931	390,092	4,932,023
Total	14,752,387	146,969	13,891,294	714,124	14,752,387
31 December 2016					
Recurring fair value measurements					
Financial assets					
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
Total	66,305,095	5,084,455	59,603,937	1,616,703	66,305,095
Financial liabilities					
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
Total	16,505,169	270,504	15,707,693	526,972	16,505,169

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 March 2017 and 31 December 2016.

The Company	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,457,827	-	1,457,827	-	1,457,827
Total	1,457,827	-	1,457,827	-	1,457,827

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

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 March 2017 and 31 December 2016 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
2017							
At 1 January	178,451	1,328,539	109,713	1,616,703	(386,461)	(140,510)	(526,971)
Total gains/(losses) recognised in Statement of Income	4,443	(14)	(38,726)	(34,297)	117	(252,639)	(252,522)
Total gains recognised in Other Comprehensive Income	-	20,750	-	20,750	-	-	-
Purchases	-	7,447	17,974	25,421	-	(19,654)	(19,654)
Sales and redemptions	-	(4,242)	-	(4,242)	-	-	-
Settlements	-	-	(22,555)	(22,555)	(3,748)	87,855	84,107
Exchange fluctuation	(2,448)	(1,506)	(30)	(3,984)	-	916	916
At 31 March	180,446	1,350,974	66,376	1,597,796	(390,092)	(324,032)	(714,124)
Total gains/(losses) recognised in Statement of Income for financial period ended 31 March 2017 under:							
- net non-interest income	4,443	(14)	(38,726)	(34,297)	4,691	(252,639)	(247,948)
- interest expense	-	-	-	-	(4,575)	-	(4,575)
Total gains recognised in Other Comprehensive Income for the financial period ended 31 March 2017 under "revaluation reserves"	-	20,750	-	20,750	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 March 2017 under "net non-interest income"	4,443	-	(11,228)	(6,785)	4,691	(190,646)	(185,955)

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 March 2017 and 31 December 2016 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
2016							
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 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)

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 March 2017 and 31 December 2016.

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 March 2017, 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 RM891,000 (2016: RM4,573,000). 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 MARCH 2017**

	Note	The Group	
		31 March 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		9,522,667	9,110,838
Deposits and placements with banks and other financial institutions		618,782	761,871
Financial assets held for trading		3,980,099	2,949,804
Islamic derivative financial instruments		616,803	885,452
Financial investments available-for-sale		2,251,092	1,951,060
Financial investments held-to-maturity		3,972,121	3,838,845
Financing, advances and other financing/loans	A28d(i)	57,473,084	54,888,460
Deferred tax assets		14,356	15,452
Amount due from conventional operations		5,207,992	4,864,731
Statutory deposits with Bank Negara Malaysia		1,395,329	1,384,859
Property, plant and equipment		11,944	13,124
Other assets		1,655,512	1,933,435
Goodwill		136,000	136,000
Intangible assets		79,325	81,877
TOTAL ASSETS		86,935,106	82,815,808
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A28(e)	60,937,063	59,802,344
Investment accounts of customers	A28(f)	255,349	254,408
Deposits and placements of banks and other financial institutions		3,373,650	2,264,927
Investment accounts due to designated financial institutions	A28(g)	4,725,505	3,912,011
Islamic derivative financial instruments		725,355	985,995
Financial liabilities designated at fair value	A28(h)	2,194	2,181
Amount due to conventional operations		1,350,048	1,545,256
Provision for taxation		38,628	45,676
Other liabilities		6,519,963	4,879,704
Other borrowings		166,035	183,511
Recourse obligation on loans and financing sold to Cagamas		1,065,610	1,353,390
Sukuk		553,461	586,488
Subordinated Sukuk		610,079	617,563
TOTAL LIABILITIES		80,322,940	76,433,454
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		5,318,816	5,091,007
		6,594,512	6,366,703
Non-controlling interests		17,654	15,651
TOTAL ISLAMIC BANKING CAPITAL FUNDS		6,612,166	6,382,354
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		86,935,106	82,815,808

A28b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	The Group			
	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	812,607	712,367	812,607	712,367
Income derived from investment of investment account	52,029	42,577	52,029	42,577
Net income derived from investment of shareholders' funds	88,815	84,783	88,815	84,783
Allowance made for impairment losses on financing, advances and other financing/loans	(14,230)	211	(14,230)	211
Allowance written back for impairment losses on other receivables	47	30	47	30
Total distributable income	939,268	839,968	939,268	839,968
Income attributable to depositors	(483,408)	(403,329)	(483,408)	(403,329)
Profit distributed to investment account holder	(36,439)	(29,480)	(36,439)	(29,480)
Total net income	419,421	407,159	419,421	407,159
Other operating expenses	(148,093)	(144,002)	(148,093)	(144,002)
Profit before taxation	271,328	263,157	271,328	263,157
Taxation	(47,786)	(50,876)	(47,786)	(50,876)
Profit for the period	223,542	212,281	223,542	212,281
Profit for the period attributable to:				
Owners of the Parent	221,035	211,891	221,035	211,891
Non-controlling interests	2,507	390	2,507	390
	223,542	212,281	223,542	212,281

A28c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	The Group			
	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	223,542	212,281	223,542	212,281
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	9,767	5,591	9,767	5,591
- Net gain from change in fair value	11,896	11,290	11,896	11,290
- Realised gain transferred to statement of income on disposal and impairment	(704)	(3,012)	(704)	(3,012)
- Income tax effects	(1,425)	(2,687)	(1,425)	(2,687)
Exchange fluctuation reserve	(3,370.96)	1,715.92	(3,371)	1,716
Other comprehensive income for the period, net of tax	6,396	7,307	6,396	7,307
Total comprehensive income for the period	229,938	219,588	229,938	219,588
Total comprehensive income for the period attributable to:				
Owners of the Parent	230,442.04	219,653.92	230,442	219,654
Non-controlling interests	(504)	(66)	(504)	(66)
	229,938	219,588	229,938	219,588
<u>Income from Islamic operations (per page 2)</u>				
Total net income	419,421	407,159	419,421	407,159
Add: Allowance made/(written back) for impairment losses on financing, advances and other financing/loans	14,230	(211)	14,230	(211)
Add: Allowance written back for impairment losses on other receivables	(47)	(30)	(47)	(30)
	433,604	406,918	433,604	406,918
Elimination for transaction with conventional operations	40,352	30,593	40,352	30,593
	473,956	437,511	473,956	437,511

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

31 March 2017

	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 Muntabiah 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	
At amortised cost													
Cash line^	-	20,116	5,317	-	647,272	-	-	-	-	4,130	-	-	676,835
Term financing													
House Financing	425,944	6,780,025	-	-	4,369,191	1,471,841	-	-	556,228	-	-	-	13,603,229
Syndicated Financing	764,160	867	259,083	-	1,692,443	97,570	-	-	-	-	-	-	2,814,123
Hire purchase receivables	516,342	-	-	-	-	-	4,346,960	-	-	-	-	-	4,863,302
Other term financing	3,438,880	1,907,441	9,894,262	-	13,753,921	57,093	-	140	388,777	-	-	-	29,440,514
Bills receivable	-	-	-	70,127	-	-	-	-	-	-	-	-	70,127
Islamic Trust receipts	146,053	-	-	-	-	-	-	-	-	-	-	-	146,053
Claims on customers under acceptance credits	642,171	-	-	61,246	-	-	-	-	-	-	-	-	703,417
Staff financing	3	-	-	-	21,737	-	-	-	-	-	-	-	21,740
Revolving credits	224,815	-	-	-	3,218,339	-	-	-	-	-	-	-	3,443,154
Credit card receivables	-	-	-	-	-	-	-	-	-	168,519	-	118,784	287,303
Share purchase financing	1,767	-	-	-	-	-	-	10,695	861,000	-	-	-	873,462
Ar Rahnu	-	-	-	-	-	-	-	-	-	-	21	-	21
Other financing	776,504	-	-	-	-	13,847	-	26,734	-	-	-	-	817,085
Gross financing, advances and other financing/loans	6,936,639	8,708,449	10,158,662	131,373	23,702,903	1,640,351	4,346,960	37,569	1,806,005	172,649	21	118,784	57,760,365
Fair value changes arising from fair value hedge													91,654
													57,852,019
Less: Allowance for impairment losses													
- Individual impairment allowance													(75,076)
- Portfolio impairment allowance													(303,859)
													(378,935)
Net financing, advances and other financing/loans													57,473,084

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

(i) By type and Shariah contract (Continued)

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 Muntabiah 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	
At amortised cost													
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	-	-	-	3,626,798	-	-	-	-	-	-	-	3,917,703
Credit card receivables	-	-	-	-	-	-	-	-	-	173,682	-	121,558	295,240
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)
Net financing, advances and other financing/loans													54,888,460

[^] 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 RM3,575,000,000 (2016: RM3,575,000,000) 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 March 2017, the gross exposures to RPSIA financing is RM4,134,944,000 (2016: RM3,236,229,000) and the portfolio impairment allowance relating to this RPSIA amounting to RM5,671,000 (2016: RM5,374,000) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
At 1 January	177,965	82,677
New disbursement	54,740	124,764
Repayment	(59,244)	(41,077)
Exchange fluctuation	(812)	11,601
At 31 March / 31 December	<u>172,649</u>	<u>177,965</u>

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

Depositors' fund	172,388	177,709
Shareholders' fund	261	256
	<u>172,649</u>	<u>177,965</u>

Uses of Qard fund:

Personal use	169,010	174,346
Business use	3,639	3,619
	<u>172,649</u>	<u>177,965</u>

(ii) By geographical distribution

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Malaysia	49,643,651	47,536,921
Indonesia	3,740,315	3,509,711
Singapore	3,150,870	2,885,809
Other countries	1,225,529	1,236,587
Gross financing, advances and other financing/loans	<u>57,760,365</u>	<u>55,169,028</u>

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

	The Group	
	31 March 2017	31 December 2016
	RM'000	RM'000
Malaysia	389,020	466,365
Indonesia	39,677	38,936
Gross impaired financing, advances and other financing/loans	<u>428,697</u>	<u>505,301</u>

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

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

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	505,301	466,538
Classified as impaired during the period/year	113,249	627,798
Reclassified as not impaired during the period/year	(130,472)	(300,429)
Amount recovered	(27,931)	(139,867)
Amount written off	(45,532)	(179,620)
Exchange fluctuation	14,082	30,881
At 31 March / 31 December	<u>428,697</u>	<u>505,301</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>0.74%</u>	<u>0.92%</u>

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

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Individual impairment allowance		
At 1 January	87,298	79,321
Allowance made during the period/year	(12,442)	5,947
Exchange fluctuation	220	2,030
At 31 March / 31 December	<u>75,076</u>	<u>87,298</u>
Portfolio impairment allowance		
At 1 January	304,252	357,976
Allowance made during the period/year	40,375	118,152
Amount written off	(45,849)	(179,694)
Allowance transferred to conventional operations	-	(596)
Exchange fluctuation	5,081	8,414
At 31 March / 31 December	<u>303,859</u>	<u>304,252</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>1.12%</u>	<u>1.13%</u>

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

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Wadiah	4,087,346	3,786,238
Mudharabah	622,075	596,643
	4,709,421	4,382,881
Demand deposit		
Wadiah	10,429,451	9,379,174
Qard	158,471	201,919
Mudharabah	99,253	118,037
	10,687,175	9,699,130
Term deposit		
<i>Commodity Murabahah (via Tawarruq arrangement) *</i>	43,590,832	43,348,305
<i>Islamic negotiable instruments</i>	35,594	38,031
Mudharabah	35,594	38,031
<i>Short term money market deposit-i</i>	198,665	198,010
Wakalah	21,371	20,415
Wadiah	177,294	177,595
<i>Fixed Deposit-i</i>	11,511	10,147
Wadiah	11,511	10,147
<i>General investment account</i>	1,394,556	1,814,729
Mudharabah	1,394,556	1,814,729
<i>Specific investment account</i>	295,473	297,407
Mudharabah	295,473	297,407
	45,526,631	45,706,629
Others - Qard	13,836	13,704
	60,937,063	59,802,344

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

(ii) By maturity structures of term deposit

Due within six months	39,798,085	42,201,371
Six months to one year	5,304,964	3,170,191
One year to three years	120,579	30,113
Three years to five years	20,758	21,776
More than five years	282,245	283,178
	45,526,631	45,706,629

(iii) By type of customer

Government and statutory bodies	3,793,031	4,073,910
Business enterprises	21,401,256	21,306,506
Individuals	16,977,614	17,603,323
Others	18,765,162	16,818,605
	60,937,063	59,802,344

A28f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Unrestricted investment accounts		
- without maturity		
Special Mudharabah Investment Account	255,349	254,408
	255,349	254,408

A28g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Restricted investment accounts		
Mudharabah	4,725,505	3,912,011
By type of counterparty		
Licensed banks	4,725,505	3,912,011

A28h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 March 2017 RM'000	31 December 2016 RM'000
Deposits from customers - structured investments	2,194	2,181

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 March 2017 of financial liabilities designated at fair value was RM48,000 (2016: RM62,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A29. CHANGE IN COMPARATIVES

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

	Note	Principal Amount		As restated RM'000
		As previously reported RM'000	Adjustment RM000	
Derivative financial instruments (Principal Amount)	A23			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		21,015,778	(5,399,710)	15,616,068
<u>Interest rate derivatives</u>				
Interest rate swaps		358,599,763	81,387,949	439,987,712
Hedging derivatives				
Interest rate swaps		31,182,045	(5,390,967)	25,791,078
Commitments and contingencies	A24 (a)	817,569,941	70,597,272	888,167,213

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 RM1.61 billion for the first quarter of 2017 (“1Q17”). On a year-on-year (Y-o-Y) basis, the Group’s 1Q17 operating income expanded 17.1%, translating to a 30.0% Y-o-Y improvement in pre-provisioning operating profit (“PPOP”) and a 45.0% Y-o-Y growth in Net Profit to RM1.18 billion. The 1Q17 net earnings per share (“EPS”) stood at 13.3 sen, while the annualised 1Q17 net return on average equity (“ROE”) was 10.3%.

The Group had a good start to 2017, recording its highest ever quarterly net profit of RM1.18 billion in 1Q17 in tandem with the gradually improving regional economic conditions and capital market activity. The Group’s main business units are gaining traction, with cost management initiatives continuing to show progress and asset quality showing sustained improvement. Better capital and balance sheet management has brought about more focused growth, improved margins, a healthier CASA ratio and a strengthened capital position.

CIMB Group 1Q17 Y-o-Y Results

CIMB Group’s 1Q17 operating income grew 17.1% Y-o-Y to RM4.36 billion largely driven by a 32.3% growth in non-interest income in line with improved capital market activity. 1Q17 net interest income rose 11.5% from loans growth and improvement in Net Interest Margin (“NIM”), Operating expenses were 7.4% higher Y-o-Y but was only 3.9% higher after excluding foreign currency translation effects, as the Group’s cost management initiatives continue to show progress. The positive JAW brought about the 30.0% improvement in the Group’s PPOP. The Group’s PBT was 43.7% higher at RM1.61 billion, with loan provisions declining 8.8% Y-o-Y.

The Group’s Regional Consumer Bank PBT was 0.5% higher Y-o-Y in 1Q17 at RM561 million, making up 35% of Group PBT. While revenue growth was healthy and costs kept in check, the relatively flat PBT performance was attributed to higher provisions from the credit cards and auto finance business in Indonesia. The Regional Commercial Banking business continues to expand but the 7.8% lower PBT was due to the higher Y-o-Y provisions in Thailand. The Group’s Regional Wholesale Banking PBT was 117.0% higher Y-o-Y at RM727 million from a combination of increased capital market activity and a stronger Corporate Banking performance with loans growth and lower provisions. Group Asset Management and Investments (“GAMI”)’s PBT was 53.8% lower Y-o-Y without the equity accounting of the Bank of Yingkou, pending completion of its proposed sale. Group Funding churned a PBT of RM148 million from a loss in 1Q16, arising from lower funding costs and FX translation gains.

Non-Malaysia PBT contribution to the Group rose to 28% in 1Q17 compared to 26% in 1Q16. Indonesia’s PBT expanded by 135.5% Y-o-Y to RM292 million in line with CIMB Niaga’s improving financial performance. Thailand’s PBT contribution of RM102 million was 15.9% higher Y-o-Y as a better all-round operating performance offset the higher Y-o-Y Commercial Banking provisions. Total PBT contribution from Singapore was 121.0% higher at RM137 million on the back of improved revenues and lower loan loss provisions.

The Group’s total gross loans (excluding the bad bank) grew by 12.2% Y-o-Y, while total deposits grew 10.8% Y-o-Y. The Group’s 1Q17 loan to deposit (“LDR”) ratio stood at 91.7% compared to 90.6% in 1Q16.

The Group’s gross impairment ratio was higher at 3.2% as at end-March 2017 from 3.0% in March 2016, with an allowance coverage of 79.6%. The Group’s Cost-to-Income ratio improved to 52.6% compared with 57.4% in 1Q16, in line with the stronger revenues and controlled cost increases. The Group’s NIM improved to 2.72% for 1Q17 from better liability management in Indonesia, Thailand and Singapore.

As at 31 March 2017, CIMB Group’s total capital ratio stood at 16.4% while the Common Equity Tier 1 (“CET1”) capital ratio rose to 11.5%.

CIMB Group 1Q17 Q-o-Q Performance

On a quarter-on-quarter (“Q-o-Q”) basis, 1Q17 operating income was 1.1% higher at RM4.36 billion, with net interest income growing 1.0% and a 1.4% growth in non-interest income. Consumer Banking PBT was 1.2% lower Q-o-Q largely due to the Indonesia bancassurance fees recognised in 4Q16. Regional Commercial Banking’s PBT increased 494.4% Q-o-Q due to the higher provisions in Thailand and Singapore in 4Q16. Wholesale Banking PBT improved 30.5% Q-o-Q underpinned by a stronger performance in corporate banking and improved capital market activity. GAMI PBT was 63.6% higher Q-o-Q due to absence of investment impairments, while Group Funding PBT rose 46.5% due to the goodwill impairment in 4Q16 and FX gains. The Group’s 1Q17 net profit was 38.2% higher Q-o-Q at RM1.18 billion predominantly due to the significantly lower loan loss provisions across all operating countries.

CIMB Islamic

CIMB Islamic’s 1Q17 Y-o-Y PBT increased by 1.1% to RM193 million from improved performance in the Consumer segment. CIMB Islamic’s gross financing assets increased by 18.4% Y-o-Y to RM49.5 billion, accounting for 15.3% of total Group loans. Total deposits increased by 25.7% Y-o-Y to RM54.8 billion.

B2. CORPORATE DEVELOPMENTS

Capital Management

- 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 THB1.00 per share.
- On 28 April 2017, CIMB Group issued and allotted 183,726,322 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY16. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2017.

Mergers and Acquisitions

- 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 24 March 2017, China Galaxy Securities announced the passing of resolutions by its Board of Directors in connection with the proposed partnership.
- 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 21 February 2017, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa3 and P-3 respectively. The outlook was revised from stable to positive due to a change in outlook on Indonesia's Baa3 sovereign rating from stable to positive.
- On 27 February 2017, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 3 April 2017, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA(thai) and F1+(thai) respectively. The outlook is stable.
- On 10 April 2017, Fitch Ratings reaffirmed 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 10 April 2017, CIMB Group announced the impending appointment of Olivier Crespin as the Chief FinTech Officer.
- On 17 April 2017, Moody's reaffirmed (i) CIMB Bank's and CIMB Islamic 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 20 April 2017, RAM assigned an AAA/Stable rating to CIMB Bank's proposed RM20 billion MTN Programme.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

CIMB Group's 1Q17 results are testament to the stronger foundations that it has built since it embarked on T18 Strategy. The strong start to the year also provides the impetus for the Group to continue embedding the 5C's – capital, cost, culture, customer experience and compliance – across all its T18 programmes. The Group will continue to keep a tight rein on cost, strive to enhance operating income whilst expecting improvement in asset quality.

Looking ahead, the Group is cautiously optimistic for the rest of 2017, with more stable economic conditions, increased regional activity, improved capital markets and declining provisions across its key geographies. The Group is currently on track to achieve its key financial targets for 2017.

B4. TAXATION

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	384,596	258,704	384,596	258,704
Deferred tax expense	(19,654)	12,729	(19,654)	12,729
Under provision in prior years	37,655	21,894	37,655	21,894
	402,597	293,327	402,597	293,327
Reconciliation				
Profit before taxation	1,613,598	1,123,129	1,613,598	1,123,129
Less: Share of results of joint venture	(3,094)	(150)	(3,094)	(150)
Share of results of associates	(1,188)	(49,662)	(1,188)	(49,662)
	1,609,316	1,073,317	1,609,316	1,073,317
Tax at statutory income tax rate of 24%	386,236	257,596	386,236	257,596
Effect of different tax rates in other countries and change in tax rates	(196,681)	(42,510)	(196,681)	(42,510)
Due to expenses not deductible for tax purposes and income not subject to income tax	175,387	56,347	175,387	56,347
Under provision in prior years	37,655	21,894	37,655	21,894
Tax expenses	402,597	293,327	402,597	293,327
The Company				
Major components of tax expense:				
Current tax expense	873	2,750	873	2,750
Deferred tax expense	1	(1,250)	1	(1,250)
Under provision in prior years	37,590	-	37,590	-
	38,464	1,500	38,464	1,500
Reconciliation				
Profit before taxation	(71,249)	957,473	(71,249)	957,473
Tax at statutory income tax rate of 24%	(17,100)	229,794	(17,100)	229,794
Due to expenses not deductible for tax purposes and income not subject to income tax	17,974	(228,294)	17,974	(228,294)
Under provision in prior years	37,590	-	37,590	-
Tax expenses	38,464	1,500	38,464	1,500

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 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	9,343,669	11,669,910	1,042,262	1,092,041
- Unrealised	6,238,610	2,834,594	218,329	278,263
	15,582,279	14,504,504	1,260,591	1,370,304
Total share of retained earnings from associates				
- Realised	910,434	909,246	-	-
- Unrealised	332	332	-	-
Total share of retained earnings from joint ventures				
- Realised	102,151	97,765	-	-
- Unrealised	1	1,293	-	-
	16,595,197	15,513,140	1,260,591	1,370,304
Consolidation adjustments	513,539	493,594	-	-
Total group retained earnings as per consolidated financial statements	17,108,736	16,006,734	1,260,591	1,370,304

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 March 2017 and 31 December 2016 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 March 2017 RM'000	31 December 2016 RM'000
Bonds, sukuk and debentures*		
Unsecured		
One year or less (short term)	2,460,976	3,191,915
More than one year (medium/long term)	10,555,310	4,443,869
	13,016,286	7,635,784

* 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 USD1,780 million, THB denominated debentures equivalents to THB502 million, THB denominated notes equivalents to THB2,072 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 THB3,503 million debentures during the current financial period.

	The Group		The Company	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Other borrowing				
Unsecured				
One year or less (short term)	5,663,408	4,156,882	2,049,680	208,146
More than one year (medium/long term)	3,979,202	5,132,977	2,000,000	3,852,347
	9,642,610	9,289,859	4,049,680	4,060,493
Subordinated obligations**				
Unsecured				
One year or less (short term)	470,753	1,832,480	-	-
More than one year (medium/long term)	13,360,450	11,892,822	5,478,479	5,399,121
	13,831,203	13,725,302	5,478,479	5,399,121

** 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.

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			
	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,180,258	813,804	1,180,258	813,804
Weighted average number of ordinary shares in issue ('000)	8,868,379	8,527,267	8,868,379	8,527,267
Basic earnings per share (expressed in sen per share)	13.3	9.5	13.3	9.5

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.