

Company No: 13491-P

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2015

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2015

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Directors' Report for the financial year ended 31 December 2015

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2015.

Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 14 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

Financial results

	The Group RM'000	The Bank RM'000
Profit after taxation attributable to:		
- Owners of the Parent	3,280,377	2,747,485
- Non-controlling interests	5,331	-
	<u>3,285,708</u>	<u>2,747,485</u>

Dividends

The dividends on redeemable preference shares paid or declared by the Bank since 31 December 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
Single tier second interim dividend of 25.32 sen per redeemable preference share, paid on 17 April 2015	<u>753,000</u>
In respect of the financial year ended 31 December 2015:	
Single tier interim dividend of 27.50 sen per redeemable preference share, paid on 14 September 2015	<u>818,000</u>

The Directors have proposed a single tier second interim dividend of approximately 32.5 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM967 million in respect of the financial year ended 31 December 2015. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 28 January 2016.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2015.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

Issuance of shares

On 29 April 2015, CIMB Group successfully completed its fifth Dividend Reinvestment Scheme (“DRS”) of which approximately RM364 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM546 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 43.69 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 9 June 2015. The rights issue was completed on 26 June 2015 with issuance of 110 million units of new CIMB Bank shares.

On 26 October 2015, CIMB Group successfully completed its sixth DRS of which approximately RM171 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS amounting to RM584 million and an additional equity injection of RM696 million via the rights issue into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 19.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 23 November 2015. The rights issue was completed on 23 December 2015 with issuance of 251 million units of new CIMB Bank shares.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Bad and doubtful debts, and financing

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Bank misleading.

Valuation methods

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

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Change of circumstances

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

Items of an unusual nature

In the opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 50 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Directors

The Directors of the Bank in office since the date of the last Report and at the date of this Report are as follows:

Directors

Dato' Zainal Abidin bin Putih

Dato' Sri Mohamed Nazir bin Abdul Razak

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

Puan Rosnah Dato' Kamarul Zaman

Mr. Venkatachalam Krishnakumar

Datin Grace Yeoh Cheng Geok

Encik Ahmad Zulqarnain Che On

Dato' Sri Amrin bin Awaluddin

Dato' Sulaiman bin Mohd Tahir (appointed on 1 May 2015 and resigned on 22 November 2015)

Datuk Mohd Nasir bin Ahmad (appointed on 20 July 2015)

Dato' Lee Kok Kwan (appointed on 20 July 2015)

Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz (appointed on 20 January 2016)

Mr. Renzo Christopher Viegas (resigned on 1 May 2015)

In accordance with Article 97 of the Bank's Articles of Association, Dato' Sri Mohamed Nazir bin Abdul Razak, Mr. Venkatachalam Krishnakumar and Datin Grace Yeoh Cheng Geok will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Bank's Articles of Association, Datuk Mohd Nasir bin Ahmad and Dato' Lee Kok Kwan will retire from the Board at the forthcoming AGM and being eligible, offer themselves for re-election.

Pursuant to CIMB Group Holdings Berhad's internal policy on the tenure of Independent Directors, which limits directorship of Independent Directors to 9 years or 70 years of age, whichever is earlier, Dato' Zainal Abidin Putih has informed of his intention to retire as Chairman/Director of CIMB Bank and will not seek re-election at the forthcoming Annual General Meeting.

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**Directors' Report
for the financial year ended 31 December 2015 (Continued)****Directors' interests in shares, share options and debentures**

According to the Register of Directors' Shareholdings, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the ultimate holding company and its related corporation during the financial year are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January/Date of appointment	Acquired/ Granted	Disposed	As at 31 December
<u>Ultimate holding company</u>				
CIMB Group Holdings Berhad ("CIMB Group")				
Dato' Sri Mohamed Nazir bin Abdul Razak [^]	52,741,024	684,113 (a)	(646,700)	52,778,437
Dato' Zainal Abidin bin Putih#	115,145	1,648 (b)	-	116,793
Dato' Lee Kok Kwan*	4,071,994	17,549 (a)	(1,433,377)	2,656,166

Note: Includes shareholding of spouse/child, details of which are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January/Date of appointment	Acquired/ Granted	Disposed	As at 31 December
[^] Dato' Azlina binti Abdul Aziz	4,123,010	37,413 (b)	-	4,160,423
# Datin Jasmine binti Abdullah Heng	20,997	329 (b)	-	21,326
# Mohamad Ari Zulkarnain bin Zainal Abidin	10,157	-	-	10,157
*Datin Rosemary Yvonne Fong	76,666	695 (b)	-	77,361

(a) Shares granted under Equity Ownership Plan ("EOP") and acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")

(b) Shares acquired by way of the exercise of DRS

	Debentures held			
	As at 1 January/Date of appointment	Acquired	Disposed	As at 31 December
<u>Related company</u>				
PT Bank CIMB Niaga Tbk				
- Subordinated Notes				
Dato' Sri Mohamed Nazir bin Abdul Razak	IDR4,500,000,000	-	-	IDR4,500,000,000
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures of the Bank, the holding company, the ultimate holding company and the Bank's related corporations during the financial year.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 43 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the Equity Ownership Plan of the ultimate holding company (shown in Note 42 to the Financial Statements) as disclosed in this Report.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

2015 Business Plan And Strategy

2015 continues with a challenging operating environment characterised by a slower economy, strict and increased regulatory intervention, rise in cost of living and Goods and Services Tax ("GST"). For the year, the Bank's core focus areas were on attracting current accounts and saving accounts ("CASA") and deposits; digital sales enablement supported by analytics; focus on high growth segments of Preferred and Enterprise Banking; collections & recovery; and cost management.

The Bank has recalibrated on many fronts mainly in the area of workforce transitioning via Mutual Separation Scheme ("MSS"); cost base through identification of cost saving opportunities & maintaining expense discipline; harmonization and alignment of frameworks and processes; establishing a regional operating model; increasing digital delivery through digital sales enablement; and availing an expanded suite of value adding products through key partnerships with strategic partners.

The Group registered a profit before taxation of RM4,160 million for the financial year ended 31 December 2015, RM446 million or 12.0% higher as compared to the profit before taxation of RM3,714 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income and non-interest income by RM348 million and RM572 million respectively. This was offset by increase in overheads and allowances for impairment losses on loans, advances and financing.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited. Their total assets contributed approximately 14.5% (2014: 14.8%) and 9.6% (2014: 8.6%) respectively to CIMB Bank consolidated total assets, and their profit before taxation contributed approximately 13.0% (2014: 14.2%) and 2.1% (2014: 3.8%) to CIMB Bank's consolidated profit before taxation.

Outlook for 2016

CIMB Bank expects to navigate 2016 prudently in light of the challenging environment faced by the financial services industry with emphasis on asset quality and capital management. Prospects for CIMB Malaysia continue to be tempered by macroeconomic conditions and dampening consumer expenditure. CIMB Singapore is expected to perform steadily, whilst CIMB Thai will focus managing asset quality amidst difficult operating conditions.

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**Directors' Report
for the financial year ended 31 December 2015 (Continued)****Ratings by External Rating Agencies**

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	November 2015	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM5.0 billion Subordinated Debt Programme 4. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme 5. RM4.0 billion Perpetual Non-Innovative Tier 1 Stapled Capital Securities 6. RM1.0 billion Innovative Tier 1 Capital Securities 	AAA MARC-1 AA+ AA+ AA AA	Stable
RAM Rating Services Berhad ("RAM")	December 2015	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme 	AAA P1 AA ₁	Stable

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**Directors' Report
for the financial year ended 31 December 2015 (Continued)****Ratings by External Rating Agencies (Continued)**

Details of the ratings of the Bank and its debt securities are as follows: (continued)

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service ("Moody's")	January 2016	<ol style="list-style-type: none"> 1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating 5. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme 6. USD350 million 5-year Senior Unsecured Notes 7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated) 	<p>A3 P-2 A3 P-2 (P)A3 A3 (P)A3/ (P)Ba1</p>	Stable
Standard & Poor's Ratings Services ("S&P")	December 2015	<ol style="list-style-type: none"> 1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating 5. Long-term ASEAN Regional Scale Rating 6. Short-term ASEAN Regional Scale Rating 7. USD350 million 5-year Senior Unsecured Notes 	<p>A- A-2 A- A-2 axAA axA-1 A-</p>	Stable

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Ratings by External Rating Agencies (Continued)

Details of the ratings of the Bank and its debt securities are as follows: (continued)

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Dagong Global Credit Rating Co. Ltd. ("Dagong")	January 2015	1. Long-term Foreign Currency Rating 2. Long-term Local Currency Rating	AA- AA	Stable

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Board Shariah Committee

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and the Islamic Financial Services Act 2013, the Board of Directors (the "Board") is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank's Islamic banking and finance operations as well as those Islamic business undertaken under its subsidiaries that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group as established under CIMB Islamic Bank Berhad, the core Islamic banking and finance operating entity of the group.

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank and its subsidiaries that it has management control. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to its business shall be made based on the decisions, views and opinions of the Board Shariah Committee. If the Board disagrees with any decisions, views, and opinions of the Board Shariah Committee on any Shariah matter, the former shall refer back the matter to the latter for a second or third review before final decision is made. All and any final decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The Board Shariah Committee shall at all times assist the Board to ensure that the Group's Islamic banking and finance business does not have elements/activities which are not permissible under Shariah.

The members of the Board Shariah Committee are as follows:

1. Sheikh Associate Professor Dr. Mohamed Azam bin Mohamed Adil
2. Sheikh Professor Dr. Mohammad Hashim Kamali
3. Sheikh Dr. Nedham Mohamed Saleh Yaqoobi
4. Sheikh Yang Amat Arif Dato' Dr. Haji Mohd Na'im bin Haji Mokhtar
5. Sheikh Associate Professor Dr. Shafaai bin Musa
6. Sheikh Professor Dr. Yousef Abdullah Al Shubaily
7. Sheikh Professor Dato' Dr. Noor Inayah binti Yaakub
8. Sheikh Muhamad Taufik Ridlo
9. Sheikh Professor Dato' Dr. Sudin bin Haron

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Board Shariah Committee (Continued)

The Board hereby affirms based on advice of the Board Shariah Committee that the operations of the Bank and its subsidiaries that it has management control has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

Zakat obligations

The obligation and responsibility for payment of Zakat lies with the Muslim shareholders (if any) of the Bank and the Bank's Ultimate Holding Company. The obligation and responsibility for specific payment of Zakat on deposits and investments received by the Bank from its customers lies with its Muslim customers only. It is the same with any of the Bank's banking and asset management subsidiaries. The aforesaid is subject to the jurisdictional requirements on Zakat payment as may be applicable from time to time on the Bank and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of Zakat expenses (if any) in the financial statement of the Bank is reflective of this.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 50 to the Financial Statements.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Statement of Directors' Responsibility

In preparing the Financial Statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2015 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 16 of the Directors' Report.

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Directors' Report for the financial year ended 31 December 2015 (Continued)

Ultimate holding company

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.



Dato' Zainal Abidin bin Putih
Director



Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz
Director

Kuala Lumpur
8 March 2016

CIMB Bank Berhad

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Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Zainal Abidin bin Putih and Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 24 to 368 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2015 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965, in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.



Dato' Zainal Abidin bin Putih
Director



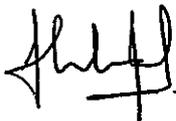
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz
Director

Kuala Lumpur
8 March 2016

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Shahnaz Farouque bin Jammal Ahmad, being the officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 24 to 368 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Shahnaz Farouque bin Jammal Ahmad

Subang Jaya.
Selangor.

7 Subscribed and solemnly declared by the abovenamed Shahnaz Farouque bin Jammal Ahmad at ~~Kuala Lumpur~~ before me, on 8 March 2016.

Commissioner for Oaths



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No: 49-1, Jalan USJ 10/1F,
47620 UEP Subang Jaya,
Selangor Darul Ehsan.

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Board Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad, is responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Bank's Islamic banking and finance businesses do not have elements/activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Bank) in the relevant jurisdiction that the Bank is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the Islamic banking and finance operations of the Bank has been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report hereinbefore.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses. In this regard we have developed and maintained a system of monitoring and reporting which provides the necessary internal controls to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance to the requirements of Shariah; the Bank's assets and liabilities under its statements of financial position of Islamic banking and finance are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its Islamic banking and finance operations does not contradict Shariah principles.

The system is augmented by written policies and procedures, the careful selection and training of Shariah qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff of the Bank.

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Board Shariah Committee's Report (Continued)

Firstly, the system of internal control for effective Shariah governance is supported by a professional staff of Shariah researchers that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. Secondly, the Management has a Shariah review framework that operates on a front to back basis comprising of self-assessment/self-reporting mechanism and periodic independent review undertaken by Group Compliance Division. Thirdly, the system is also augmented by a Shariah risk management framework covering the first; second and; third line of defenses. Lastly, there is also a strong team of internal auditors who conduct periodic Shariah audits of all the Bank's Islamic banking and finance operations on a scheduled and periodic basis.

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the businesses of the Bank are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal and external controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us with the exception of the following incidences of Shariah non-compliance within CIMB Bank Group as follows:

- (1) within CIMB Bank, London Branch due to imposition of extension fee in legal document for Islamic financing which was not approved by the Board Shariah Committee.
- (2) within CIMB Bank, Labuan Offshore Branch, due to the imposition of break funding cost for an early settlement of Trust Receipt-i for Islamic client. The amount of RM970.00 imposed as break funding cost for an early settlement has been refunded to the affected client accordingly.
- (3) within the Bank's subsidiary, CIMB Islamic Bank Berhad ("CIMB Islamic") due to web banner advertisement which failed to comply with Shariah requirement set by the Board Shariah Committee. There were no earnings that was derived from this incident.
- (4) within CIMB Islamic, due to Term Financing-i secured by Amanah Saham Bumiputra (ASB) Certificate using dual Wakalah arrangement instead of single Wakalah arrangement as approved by the Board Shariah Committee.
- (5) within CIMB Islamic, due to the usage of conventional terminology ("interest") in the website for Junior Savers Account-i.
- (6) within CIMB Islamic, due to Motor vehicle was covered under conventional insurance instead of Takaful, and the insurance premium was included in the Islamic financing package.
- (7) within CIMB Islamic, due to the usage of conventional document of "Proclamation of Sale" and "Condition of Sale" for Islamic customers during auctioning process.

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Board Shariah Committee's Report (Continued)

- (8) within CIMB Islamic, due to marketing leaflets which were distributed to the customer where the attire of the female in the leaflets do not conform with Shariah.
- (9) within CIMB Islamic, due to the usage of conventional terminologies in Islamic documentation for recovery purposes.
- (10) within CIMB Islamic, due to the non-execution of Commodity Murabahah Transaction for Fixed Return Income Account-i (FRIA-i) during Auto Conversion of the Non-Lien General Investment Account-i (GIA-i).
- (11) within CIMB Islamic Trustee Berhad, due to the acceptance and managing of Shariah non-compliant assets for Islamic Trusts. A total of RM 19,491.41 from the management fee was classified as Shariah non-compliance incomes which need to be channeled to charity.

RM19,491.41 reflected in the financial statement represents Shariah Non-Compliance Income occurred in 2015.

Various rectification and control measures were instituted to ensure the non-recurrence of such Shariah non-compliance activities including but not limited to the following:

1. Updating CIMB Islamic and where relevant the Bank's procedures and processes in the affected activities to reflect the Shariah requirements.
2. Removed any elements that do not comply with Shariah requirements in CIMB Islamic's business communication immediately.
3. Conducting series of Shariah Governance Framework Workshop to elevate awareness and knowledge of Shariah among the staff.

Over and above these specific measures, we have also directed the Management to undertake more training sessions, courses and briefings aimed at building stronger and deeper understanding amongst the Bank's employee on Shariah application in the financial activities undertaken by the Bank and its subsidiaries as well as to infuse the right culture for Shariah compliance amongst them.

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2015 that were presented to us were done in compliance with Shariah;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. All earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

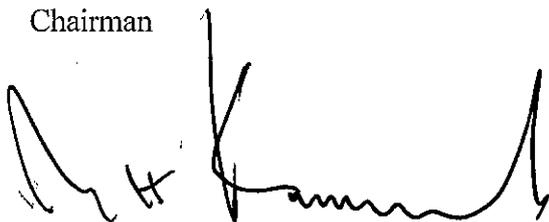
We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Bank. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Bank for the year ended 31 December 2015 were conducted in conformity with Shariah except for what has been disclosed.

On behalf of the Board Shariah Committee



Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil
Chairman



Sheikh Professor Dr. Mohammad Hashim Kamali
Member

Kuala Lumpur
8 March 2016



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD**
(Incorporated in Malaysia)
(Company No. 13491-P)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Bank Berhad on pages 24 to 368, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 56.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of Financial Statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 13491-P)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the Financial Statements.
- (c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Company's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 13491-P)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ong Ching Chuan'.

ONG CHING CHUAN
(No. 2907/11/17(J))
Chartered Accountant

Kuala Lumpur
8 March 2016

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Financial Position as at 31 December 2015

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short-term funds	2	20,188,831	25,456,055	14,159,386	21,435,099
Reverse repurchase agreements		9,558,281	4,512,949	8,404,346	4,406,653
Deposits and placements with banks and other financial institutions	3	1,440,564	3,844,882	4,694,012	5,383,015
Financial assets held for trading	4	18,435,955	22,718,087	14,951,772	18,390,932
Derivative financial instruments	26(a)	11,463,962	6,931,371	8,808,615	5,999,209
Financial investments available-for-sale	5	28,010,649	27,533,335	22,834,039	22,769,832
Financial investments held-to-maturity	6	23,707,698	16,714,871	19,389,224	13,496,116
Loans, advances and financing	7	235,437,884	207,954,719	170,669,912	150,874,563
Other assets	8	10,857,585	5,829,992	9,846,589	5,263,421
Tax recoverable		9,612	3,601	-	-
Deferred taxation	9	289,940	191,246	141,458	69,009
Statutory deposits with central banks	10	7,699,798	6,839,444	6,139,925	5,125,836
Amounts due from holding company and ultimate holding company	11	2,803	28,853	2,803	-
Amounts due from subsidiaries	12	-	-	40,622	6,264
Amounts due from related companies	13	1,272,717	1,233,998	1,269,970	1,230,514
Investment in subsidiaries	14	-	-	4,674,129	5,036,252
Investment in joint venture	15	162,775	161,188	125,000	125,000
Investment in associates	16	798,095	785,797	305,584	318,329
Goodwill	17	5,114,235	4,965,324	3,555,075	3,555,075
Intangible assets	18	1,061,134	1,074,429	942,964	956,067
Prepaid lease payments	19	689	855	-	-
Property, plant and equipment	20	787,671	854,725	443,981	502,102
Investment properties	21	1,120	4,000	-	-
		376,301,998	337,639,721	291,399,406	264,943,288
Non-current assets/disposal groups held for sale	54	4,575	9,858	375	5,658
Total assets		376,306,573	337,649,579	291,399,781	264,948,946
Liabilities					
Deposits from customers	22	263,302,264	235,267,154	198,273,648	174,320,567
Placements from investment accounts	23	232,716	-	-	-
Deposits and placements of banks and other financial institutions	24	22,062,752	31,417,322	20,176,311	31,538,303
Repurchase agreements		7,905,919	5,735,839	7,889,260	5,735,839
Financial liabilities designated at fair value	25	4,952,771	3,690,701	2,848,922	2,726,392
Derivative financial instruments	26(a)	11,880,534	7,558,799	9,097,934	6,601,809
Bills and acceptances payable		1,024,296	1,556,909	686,487	761,214
Amounts due to subsidiaries	12	-	-	34,647	126,290
Amounts due to related companies	13	24,652	40,783	15,561	23,250
Other liabilities	27	6,862,848	4,144,584	5,587,706	3,437,224
Recourse obligation on loans and financing sold to Cagamas	28	1,817,816	-	1,315,448	-
Provision for taxation and Zakat		147,739	121,491	104,203	101,553
Deferred taxation	9	2,490	2,346	-	-
Bonds and debentures	29	9,868,655	6,014,471	6,576,072	3,921,746
Other borrowings	30	2,752,792	2,730,742	2,752,792	2,730,742
Subordinated obligations	31	11,169,604	10,068,609	9,117,067	8,833,276
Redeemable preference shares	32(a)	-	733,522	-	-
Total liabilities		344,007,848	309,083,272	264,476,058	240,858,205

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 31 December 2015 (continued)**

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital	33	5,148,084	4,787,023	5,148,084	4,787,023
Reserves	35	26,518,218	23,197,849	21,545,899	19,073,978
		31,666,302	27,984,872	26,693,983	23,861,001
Perpetual preference shares	34	200,000	200,000	200,000	200,000
Redeemable preference shares	32(b)	29,740	29,740	29,740	29,740
Non-controlling interests		402,683	351,695	-	-
Total equity		32,298,725	28,566,307	26,923,723	24,090,741
Total equity and liabilities		376,306,573	337,649,579	291,399,781	264,948,946
Commitments and contingencies	26(b)	865,417,801	683,524,925	616,440,947	535,881,943
Net assets per ordinary share attributable to owners of the Parent (RM)		6.15	5.85	5.19	4.98

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Income
for the financial year ended 31 December 2015**

	Note	The Group		The Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	36	11,717,596	10,430,197	10,090,726	9,070,573
Interest expense	37	(5,457,488)	(4,518,523)	(4,837,334)	(3,987,855)
Net interest income		6,260,108	5,911,674	5,253,392	5,082,718
Income from Islamic banking operations	55	1,372,939	1,298,309	82,867	50,489
Net non-interest income	38	2,569,241	1,997,485	2,236,406	1,972,928
Net income		10,202,288	9,207,468	7,572,665	7,106,135
Overheads	39	(5,365,314)	(4,884,301)	(3,955,833)	(3,611,455)
Profit before allowances		4,836,974	4,323,167	3,616,832	3,494,680
Allowances for impairment losses on loans, advances and financing	40	(759,785)	(701,958)	(180,759)	(430,894)
Allowances for losses on other receivables		(8,890)	(980)	(4,293)	(1,492)
Allowances for commitments and contingencies (made)/written-back	27(c)	(534)	8,943	(534)	(212)
Allowances for other impairment losses	41	(2,438)	(28,930)	(6,345)	(28,910)
Profit after allowances		4,065,327	3,600,242	3,424,901	3,033,172
Share of results of joint venture	15	1,587	2,881	-	-
Share of results of associates	16	93,425	110,832	-	-
Profit before taxation		4,160,339	3,713,955	3,424,901	3,033,172
Taxation	44	(874,631)	(738,663)	(677,416)	(555,536)
Profit after taxation		3,285,708	2,975,292	2,747,485	2,477,636
Profit for the financial year attributable to :					
Owners of the Parent		3,280,377	2,964,546	2,747,485	2,477,636
Non-controlling interests		5,331	10,746	-	-
		3,285,708	2,975,292	2,747,485	2,477,636
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	45	67.65	65.59	56.66	54.81

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Comprehensive Income
for the financial year ended 31 December 2015**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	3,285,708	2,975,292	2,747,485	2,477,636
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(223,408)	127,306	(163,420)	95,210
- Net (loss)/gain from change in fair value	(86,824)	217,844	(86,167)	142,918
- Realised gain transferred to statement of income on disposal and impairment	(132,965)	(66,373)	(60,309)	(25,720)
- Income tax effects	(13,518)	(22,004)	(15,677)	(20,138)
- Currency translation difference	9,899	(2,161)	(1,267)	(1,850)
Net investment hedge	(999,584)	(193,883)	(649,100)	(193,883)
Cash flow hedge	(14,149)	3,991	(14,149)	3,991
- Net (loss)/gain from change in fair value	(19,427)	3,802	(19,427)	3,802
- Income tax effects	5,278	189	5,278	189
Exchange fluctuation reserve	1,418,626	452,049	660,272	131,960
Share of other comprehensive (expense)/income of associate	(4,963)	4,963	-	-
	176,522	394,426	(166,397)	37,278
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial loss on post employment benefits obligations	(12,210)	(7,325)	-	-
Income tax effects	2,442	2,500	-	-
	(9,768)	(4,825)	-	-
Other comprehensive income/(expense) during the financial year, net of tax	166,754	389,601	(166,397)	37,278
Total comprehensive income for the financial year	3,452,462	3,364,893	2,581,088	2,514,914
Total comprehensive income attributable to:				
Owners of the Parent	3,428,561	3,343,585	2,581,088	2,514,914
Non-controlling interests	23,901	21,308	-	-
	3,452,462	3,364,893	2,581,088	2,514,914

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2015

The Group	Attributable to owners of the Parent																
	Redeemable		Share	Statutory	Exchange	Revaluation	Merger	Capital	Hedging	Share-based	Regulatory	Defined	Retained	Total	Perpetual	Non-controlling	Total
	Share	Preference															
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	4,787,023	29,740	8,898,945	5,839,094	541,793	275,761	(1,085,928)	735,457	(316,382)	57,542	593,795	(10,548)	7,668,320	28,014,612	200,000	351,695	28,566,307
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	3,280,377	3,280,377	-	5,331	3,285,708
Other comprehensive income/(expense) (net of tax)	-	-	-	-	1,399,609	(228,848)	-	-	(1,013,733)	2,614	-	(11,458)	-	148,184	-	18,570	166,754
- financial investments available-for-sale	-	-	-	-	-	(223,885)	-	-	-	-	-	-	-	(223,885)	-	477	(223,408)
- net investment hedge	-	-	-	-	-	-	-	-	(999,584)	-	-	-	-	(999,584)	-	-	(999,584)
- cash flow hedge	-	-	-	-	-	-	-	-	(14,149)	-	-	-	-	(14,149)	-	-	(14,149)
- currency translation difference	-	-	-	-	1,399,609	-	-	-	-	2,614	-	(1,690)	-	1,400,533	-	18,093	1,418,626
- actuarial loss from defined benefits	-	-	-	-	-	-	-	-	-	-	-	(9,768)	-	(9,768)	-	-	(9,768)
- share of other comprehensive expense of associate	-	-	-	-	-	(4,963)	-	-	-	-	-	-	-	(4,963)	-	-	(4,963)
Total comprehensive income/(expense) for the year	-	-	-	-	1,399,609	(228,848)	-	-	(1,013,733)	2,614	-	(11,458)	3,280,377	3,428,561	-	23,901	3,452,462
Transfer to statutory reserve	-	-	-	787,875	-	-	-	-	-	-	-	-	(787,875)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	425,707	-	(425,707)	-	-	-	-
Second interim dividend for the financial year ended 31 December 2014	46	-	-	-	-	-	-	-	-	-	-	-	(753,000)	(753,000)	-	-	(753,000)
Interim dividend for the financial year ended 31 December 2015	46	-	-	-	-	-	-	-	-	-	-	-	(818,000)	(818,000)	-	-	(818,000)
Issue of shares from rights issue	-	361,061	-	1,464,684	-	-	-	-	-	-	-	-	-	1,825,745	-	-	1,825,745
Right issues of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,154	28,154
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,067)	(1,067)
Share-based payment expense	-	-	-	-	-	-	-	-	-	67,903	-	-	-	67,903	-	-	67,903
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(69,779)	-	-	-	(69,779)	-	-	(69,779)
At 31 December 2015	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	58,280	1,019,502	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2015 (Continued)**

The Group	← Attributable to owners of the Parent →																		
	Note	Redeemable		Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment		Regulatory reserve	Defined benefits		Retained profits	Total	Perpetual		Total Equity
		Share capital RM'000	Preference Shares RM'000							Share premium RM'000	Share reserve RM'000		RM'000	RM'000			RM'000	RM'000	
At 1 January 2014		4,131,410	29,740	6,402,610	5,121,848	98,846	144,792	(1,085,928)	735,457	(126,490)	44,877	1,743,883	(5,129)	5,879,939	23,115,855	200,000	334,938	23,650,793	
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	-	2,964,546	2,964,546	-	10,746	2,975,292	
Other comprehensive income/(expense) (net of tax)		-	-	-	442,947	130,969	-	-	(189,892)	434	-	(5,419)	-	379,039	-	-	10,562	389,601	
- financial investments available-for-sale		-	-	-	-	126,006	-	-	-	-	-	-	-	126,006	-	-	1,300	127,306	
- net investment hedge		-	-	-	-	-	-	-	(193,883)	-	-	-	-	(193,883)	-	-	-	(193,883)	
- cash flow hedge		-	-	-	-	-	-	-	3,991	-	-	-	-	3,991	-	-	-	3,991	
- currency translation difference		-	-	-	442,947	-	-	-	-	434	-	(594)	-	442,787	-	-	9,262	452,049	
- actuarial loss from defined benefits		-	-	-	-	-	-	-	-	-	-	(4,825)	-	(4,825)	-	-	-	(4,825)	
- share of other comprehensive income of associate		-	-	-	-	4,963	-	-	-	-	-	-	-	4,963	-	-	-	4,963	
Total comprehensive income/(expense) for the year		-	-	-	442,947	130,969	-	-	(189,892)	434	-	(5,419)	2,964,546	3,343,585	-	-	21,308	3,364,893	
Transfer to statutory reserve		-	-	-	717,246	-	-	-	-	-	-	-	(717,246)	-	-	-	-	-	
Transfer from regulatory reserve		-	-	-	-	-	-	-	-	-	(1,150,088)	-	1,150,088	-	-	-	-	-	
Second interim dividend for the financial year ended 31 December 2013	46	-	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	-	-	(752,007)	
Interim dividend for the financial year ended 31 December 2014	46	-	-	-	-	-	-	-	-	-	-	-	(857,000)	(857,000)	-	-	-	(857,000)	
Issue of shares from rights issue		655,613	-	2,496,335	-	-	-	-	-	-	-	-	-	3,151,948	-	-	-	3,151,948	
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,551)	(4,551)	
Share-based payment expense		-	-	-	-	-	-	-	-	56,335	-	-	-	56,335	-	-	-	56,335	
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	(44,104)	-	-	-	(44,104)	-	-	-	(44,104)	
At 31 December 2014		4,787,023	29,740	8,898,945	5,839,094	541,793	275,761	(1,085,928)	735,457	(316,382)	57,542	593,795	(10,548)	7,668,320	28,014,612	200,000	351,695	28,566,307	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2015 (Continued)**

	← Non-distributable						→ Distributable						Total Equity			
	Share capital	Redeemable Preference Shares	Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment reserve	Regulatory reserve	Retained profits		Perpetual preference shares		
The Bank	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2015		4,787,023	29,740	8,898,945	5,119,366	245,317	220,441	(1,047,872)	746,852	(227,853)	55,626	593,795	4,469,361	23,890,741	200,000	24,090,741
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,747,485	2,747,485	-	2,747,485
Other comprehensive income/(expense) (net of tax)		-	-	-	-	657,899	(163,420)	-	-	(663,249)	2,373	-	-	(166,397)	-	(166,397)
- financial investments available-for-sale		-	-	-	-	-	(163,420)	-	-	-	-	-	-	(163,420)	-	(163,420)
- net investment hedge		-	-	-	-	-	-	-	-	(649,100)	-	-	-	(649,100)	-	(649,100)
- cash flow hedge		-	-	-	-	-	-	-	-	(14,149)	-	-	-	(14,149)	-	(14,149)
- currency translation difference		-	-	-	-	657,899	-	-	-	-	2,373	-	-	660,272	-	660,272
Total comprehensive income/(expense) for the year		-	-	-	-	657,899	(163,420)	-	-	(663,249)	2,373	-	2,747,485	2,581,088	-	2,581,088
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	364,750	(364,750)	-	-	-
Transfer to statutory reserve		-	-	-	686,871	-	-	-	-	-	-	-	(686,871)	-	-	-
Second interim dividend for the financial year ended 31 December 2014	46	-	-	-	-	-	-	-	-	-	-	-	(753,000)	(753,000)	-	(753,000)
Interim dividend for the financial year ended 31 December 2015	46	-	-	-	-	-	-	-	-	-	-	-	(818,000)	(818,000)	-	(818,000)
Issue of shares from rights issue		361,061	-	1,464,684	-	-	-	-	-	-	-	-	-	1,825,745	-	1,825,745
Share-based payment expense		-	-	-	-	-	-	-	-	-	64,766	-	-	64,766	-	64,766
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(67,617)	-	-	(67,617)	-	(67,617)
At 31 December 2015		5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	55,148	958,545	4,594,225	26,723,723	200,000	26,923,723

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**Statements of Changes in Equity
for the financial year ended 31 December 2015 (Continued)**

	← Non-distributable										→ Distributable				
	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Share-based		Regulatory reserve	Retained profits	Perpetual preference shares	Total Equity	
Share capital	Preference Shares	payment reserve							Reserve						
The Bank	Share capital	Preference Shares	Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	payment reserve	Regulatory reserve	Retained profits	Total	Perpetual preference shares	Total Equity
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	4,131,410	29,740	6,402,610	4,499,957	113,706	125,231	(1,047,872)	746,852	(37,961)	43,871	1,513,795	3,300,141	19,821,480	200,000	20,021,480
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	2,477,636	2,477,636	-	2,477,636
Other comprehensive income/(expense) (net of tax)	-	-	-	-	131,611	95,210	-	-	(189,892)	349	-	-	37,278	-	37,278
- financial investments available-for-sale	-	-	-	-	-	95,210	-	-	-	-	-	-	95,210	-	95,210
- net investment hedge	-	-	-	-	-	-	-	-	(193,883)	-	-	-	(193,883)	-	(193,883)
- cash flow hedge	-	-	-	-	-	-	-	-	3,991	-	-	-	3,991	-	3,991
- currency translation difference	-	-	-	-	131,611	-	-	-	-	349	-	-	131,960	-	131,960
Total comprehensive income/(expense) for the year	-	-	-	-	131,611	95,210	-	-	(189,892)	349	-	2,477,636	2,514,914	-	2,514,914
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(920,000)	920,000	-	-	-
Transfer to statutory reserve	-	-	-	619,409	-	-	-	-	-	-	-	(619,409)	-	-	-
Second interim dividend for the financial year ended 31 December 2013	46	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	(752,007)
Interim dividend for the financial year ended 31 December 2014	46	-	-	-	-	-	-	-	-	-	-	(857,000)	(857,000)	-	(857,000)
Issue of shares from rights issue	655,613	-	2,496,335	-	-	-	-	-	-	-	-	-	3,151,948	-	3,151,948
Share-based payment expense	-	-	-	-	-	-	-	-	-	54,450	-	-	54,450	-	54,450
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(43,044)	-	-	(43,044)	-	(43,044)
At 31 December 2014	4,787,023	29,740	8,898,945	5,119,366	245,317	220,441	(1,047,872)	746,852	(227,853)	55,626	593,795	4,469,361	23,890,741	200,000	24,090,741

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**Statements of Cash Flows
for the financial year ended 31 December 2015**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	4,160,339	3,713,955	3,424,901	3,033,172
Adjustments for:				
Depreciation of property, plant and equipment	204,828	184,365	150,608	134,552
Amortisation of intangible assets	197,532	195,477	174,888	173,357
Amortisation of prepaid lease payments	206	289	-	-
Gain on disposal of property, plant and equipment/ assets held for sale/leased assets	(1,377)	(268)	(7,093)	(1,063)
Impairment of property, plant and equipment	1,094	-	-	-
Loss on disposal of foreclosed properties	26,410	64,081	-	-
Loss on revaluation of investment properties	2,880	-	-	-
Property, plant and equipment written off	1,126	6,802	1,126	6,802
Net gain from sale of financial investments available-for-sale	(134,033)	(91,222)	(63,231)	(54,719)
Net gain from redemption of financial investments held-to-maturity	(16)	(2,640)	(16)	(2,640)
Net loss/(gain) from hedging activities	21,915	14,787	(9,758)	(16,088)
Net gain from fair value hedge on redeemable preference shares	(27,533)	(30,933)	-	-
Unrealised loss from financial assets held for trading	514,734	129,296	516,257	130,120
Unrealised loss/(gain) from financial liabilities designated at fair value	71,303	34,478	51,080	(47,932)
Unrealised gain from derivative financial instruments	(1,825,363)	(207,781)	(1,892,283)	(97,940)
Unrealised loss on foreign exchange	535,005	116,097	654,558	143,348
Allowances for impairment losses on loans, advances and financing	1,018,866	970,793	351,944	605,667
Allowance for other impairment losses made on securities	2,438	28,930	1,902	28,910
Allowances for losses on other receivables made	8,890	980	4,293	1,492
Allowance for impairment loss in subsidiaries	-	-	4,443	-
Interest income on financial investments available-for-sale	(1,010,690)	(903,558)	(905,776)	(831,697)
Interest income on financial investments held-to-maturity	(704,531)	(560,371)	(616,538)	(486,855)
Interest expense on subordinated obligations	437,964	388,226	418,741	402,523
Interest expense on bonds and debentures	172,804	121,041	123,987	59,682
Interest expense on other borrowings	33,599	47,028	45,966	45,386
Interest expense on redeemable preference shares	43,113	46,294	-	-
Interest expense on recourse obligation on loans and financing sold to Cagamas	5,591	-	5,591	-
Accretion of discount less amortisation of premium	42,151	(10,973)	(2,313)	(24,251)
Gain on distributions from associates	(14,463)	-	(55,389)	-
Dividend income	(68,646)	(74,659)	(117,385)	(270,098)
Allowances for commitments and contingencies made/(written-back)	534	(8,943)	534	212
Share-based payment expense	67,903	56,335	64,766	54,450
Share of results of joint venture	(1,587)	(2,881)	-	-
Share of results of associates	(93,425)	(110,832)	-	-
	3,689,561	4,114,193	2,325,803	2,986,390

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**Statements of Cash Flows
for the financial year ended 31 December 2015 (Continued)**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets				
Reverse repurchase agreements	(5,045,332)	3,480,143	(3,997,693)	914,746
Deposits and placements with banks and other financial institutions	2,404,318	(178,346)	689,003	2,567,199
Financial assets held for trading	3,810,422	(840,181)	2,975,547	(773,047)
Loans, advances and financing	(28,183,496)	(23,393,311)	(20,030,852)	(18,629,671)
Amount due from holding company and ultimate holding company	26,050	-	(2,803)	-
Amount due from subsidiaries	-	-	(34,358)	131,740
Amount due from related companies	(38,719)	(141,150)	(39,456)	(138,970)
Other assets	(5,673,733)	(2,572,450)	(4,655,119)	(2,771,730)
Statutory deposits with central banks	(860,354)	(480,248)	(1,014,089)	(473,529)
Increase/(decrease) in operating liabilities				
Deposits from customers	28,038,627	15,019,464	23,956,600	18,205,536
Deposits and placements of banks and other financial institutions	(9,354,570)	11,417,489	(11,361,992)	1,120,595
Placements from investment accounts	232,716	-	-	-
Repurchase agreements	2,170,080	(186,949)	2,153,421	3,459,687
Derivative financial instruments	949,036	(434,334)	1,159,720	(464,328)
Bills and acceptances payable	(532,613)	(1,700,293)	(74,727)	(1,156,624)
Financial liabilities designated at fair value	1,190,766	1,524,053	71,450	788,369
Amount due to ultimate holding company	-	(1,450)	-	-
Amount due to subsidiaries	-	-	(91,643)	90,554
Amount due to related companies	(16,131)	6,767	(7,690)	2,094
Other liabilities	2,688,422	184,643	1,482,944	102,949
Cash flows generated from operations	(4,504,950)	5,818,040	(6,495,934)	5,961,960
Taxation paid	(946,917)	(853,038)	(745,160)	(666,769)
Net cash (used in)/generated from operating activities	(5,451,867)	4,965,002	(7,241,094)	5,295,191

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**Statements of Cash Flows
for the financial year ended 31 December 2015 (Continued)**

Note	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Dividend from associate	23,920	20,037	23,920	20,037
Dividend income	68,646	74,659	93,465	250,061
Investment in subsidiaries	-	-	(438,216)	(150,000)
Interest income received from financial investments available-for-sale	1,014,222	889,006	918,340	832,754
Net purchase of financial investments available-for-sale	(599,306)	(1,156,925)	(179,979)	(594,018)
Interest income received from financial investments held-to-maturity	601,563	463,835	566,091	427,175
Net purchase of financial investments held-to-maturity	(6,917,954)	(6,804,803)	(5,859,284)	(5,856,611)
Purchase of property, plant and equipment	(167,647)	(241,358)	(131,795)	(208,278)
Proceeds from disposal of property, plant and equipment/assets held for sale/leased assets	73,764	88,529	59,421	71,747
Proceeds from disposal/write off of intangible assets	59,292	17,040	57,879	100,396
Proceeds from disposal of prepaid lease payments	4	246	-	-
Purchase of intangible assets	(231,206)	(270,955)	(206,934)	(250,248)
Capital repayment from a subsidiary	-	-	899,580	-
Profit distributions and capital repayment from an associate	68,134	3,303	68,134	3,303
Net cash used in investing activities	(6,006,568)	(6,917,386)	(4,129,378)	(5,353,682)
Cash flows from financing activities				
Dividends paid	(1,572,067)	(1,613,558)	(1,571,000)	(1,609,007)
Interest expense paid on subordinated obligations	(405,827)	(383,014)	(426,660)	(400,071)
Interest expense paid on redeemable preference shares	(43,113)	(45,817)	-	-
Interest expense paid on other borrowings	(31,800)	(45,567)	(44,126)	(33,368)
Interest expense paid on bond and debentures	(111,518)	(103,458)	(76,843)	(51,288)
Proceeds from issuance of bonds and debentures	7,460,494	8,136,874	1,665,318	960,635
Proceeds from other borrowings	-	1,631,075	-	1,631,075
Proceeds from issuance of subordinated obligations	2,000,000	400,000	2,000,000	-
Proceeds from issuance of recourse obligation on loans and financing sold to Cagamas	1,807,000	-	1,307,526	-
Repayment of bonds and debentures	(5,005,384)	(8,324,436)	(163,283)	-
Repayment of other borrowing	(601,020)	(1,118,880)	(601,020)	(1,118,880)
Repayment of subordinated obligations	(1,001,060)	(6,284)	(1,697,573)	-
Repayment of redeemable preference shares	(887,433)	-	-	-
Contribution from non-controlling interests	28,154	-	-	-
Issuance of shares due to rights issue	1,825,745	3,151,948	1,825,745	3,151,948
Net cash generated from financing activities	3,462,171	1,678,883	2,218,084	2,531,044
Net (decrease)/increase in cash and cash equivalents during the financial year	(7,996,264)	(273,501)	(9,152,388)	2,472,553
Effects of exchange rate differences	2,729,040	788,390	1,876,675	495,394
Cash and cash equivalents at beginning of financial year	25,456,055	24,941,166	21,435,099	18,467,152
Cash and cash equivalents at end of financial year	20,188,831	25,456,055	14,159,386	21,435,099

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A Basis of preparation

The Financial Statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), and the requirements of the Companies Act, 1965 in Malaysia.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial investments available-for-sale, financial assets and financial liabilities (including derivatives financial instruments) at fair value through profit or loss and investment properties measured at fair value and non-current assets/disposal groups held for sale.

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah principles.

The preparation of Financial Statements in conformity with 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 51.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(a) Standards and amendments to published standards that are effective and applicable to the Group and the Bank

The new accounting standards and amendments to published standards that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2015 are as follows:

- Annual improvement to MFRSs 2010 - 2012 Cycle
 - Amendment to MFRS 2 “Share-based Payment”
 - Amendment to MFRS 3 “Business Combinations”
 - Amendment to MFRS 8 “Operating Segments”
 - Amendment to MFRS 13 “Fair Value Measurement”
 - Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangible Assets”
 - Amendment to MFRS 124 “Related Party Disclosures”
- Annual improvement to MFRSs 2011 - 2013 Cycle
 - Amendment to MFRS 3 “Business Combinations”
 - Amendment to MFRS 13 “Fair Value Measurement”
 - Amendment to MFRS 140 “Investment Property”
- Amendments to MFRS 119 “Defined Benefits Plans: Employee Contributions”

The adoption of the new accounting standards, amendments and improvements to published standards did not have a material impact on the financial statements of the Group and the Bank.

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply these standards, amendments to published standards from:

(i) Financial year beginning on/after 1 January 2016

- Amendment to MFRS 11 “Joint Arrangements” requires an investor to apply the principles of MFRS 3 “Business Combination” when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
- Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangible Assets” clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 127 “Separate Financial Statements” which allow the use of equity method in the entities’ separate financial statements to measure investment in subsidiaries, joint ventures and associates. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to equity method must do so retrospectively.

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:
(Continued)

(i) Financial year beginning on/after 1 January 2016 (Continued)

- Annual improvements to MFRS 2012-2014 Cycle
 - MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
It states that when an asset (or disposal group) is reclassified from “held for sale” to “held for distributions” or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
 - MFRS 7 Financial Instruments: Disclosure – Servicing contracts
It includes specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute “continuing involvement” and, therefore, whether the asset qualifies for derecognition.
 - MFRS 7 Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements
It states that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by MFRS 134.
 - MFRS 119 Employee Benefits
It states that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.
 - MFRS 134 Interim Financial Reporting
It clarifies what is meant by the reference in the standard to “information disclosure elsewhere in the interim financial reporting” and adds a requirement to cross-reference from the interim financial statements to the location of that information.

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:
(Continued)

(i) Financial year beginning on/after 1 January 2016 (Continued)

- Amendments to MFRS 101 “Presentation of financial statements” – Disclosure Initiative clarifies a number of issues, including:
 - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial positions or performance.
 - Disaggregation and subtotals – line items specified in MFRS 101 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.
 - Notes – confirmation that the notes do not need to be presented in a particular order.
 - Other comprehensive income “OCI” arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in MFRS 108 regarding the adoption of new standards/ accounting policies are not required for these amendments.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:
(Continued)

(ii) Financial year beginning on/after 1 January 2018

- MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 “Financial Instruments” will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:
(Continued)

(ii) Financial year beginning on/after 1 January 2018 (Continued)

- MFRS 9 “Financial Instruments” (will replace MFRS 139 “Financial Instruments: Recognition and Measurement”). (Continued)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch.

MFRS 9 introduces expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective date is to be determined by the Board]) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a ‘business’. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors’ interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The adoption of the above new accounting standards will not have any significant impact on the financial results of the Group and the Bank except for MFRS 9. The Group has initiated the assessment of the potential effect of this standard. Due to the complexity of this standard, the financial impact of its adoption is still being assessed by the Group. This standard is expected to have pervasive impact on the Group’s financial statements.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

B Economic entities in the Group

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for an acquisition is measured as the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exceptions, measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor basis of accounting, the results of subsidiaries are presented as if the business combination had been effected from the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the ultimate holding company of the Group at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit difference is classified as equity. Any resulting debit difference is adjusted against merger reserves. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

In business combination achieved in stages, previously held equity interest in acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in statement of income.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in acquiree (if any), and the fair value of the Group's previously held equity interest in acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. The accounting policy for goodwill is set out in Note M. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions and balances between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss in control are accounted as equity transactions – that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interest are also recognised in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

B Economic entities in the Group (Continued)

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated Financial Statements by the equity method of accounting, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statement of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any). When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of a joint venture' in the statement of income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

B Economic entities in the Group (Continued)

(d) Joint arrangements (Continued)

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of income where appropriate.

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of income, and the Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For any of the associate's net assets changes, other than profit or loss or other comprehensive income and distributions received, the Group's policy is to account for such changes to the statement of income.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of an associate' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

B Economic entities in the Group (Continued)

(e) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising in investment in associate are recognised in the statement of income.

(f) Interests in subsidiaries, joint arrangements and associates

In the Company's separate financial statements, investments in subsidiaries, joint arrangements and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

C Recognition of interest/profit income and interest/profit expense

Interest income and expense for all interest-bearing financial instruments are recognised within “interest income” and “interest expense” in the statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

D Recognition of fees and other income

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

Guarantee fees, portfolio management fees and income from asset management and securities services which are material are recognised as income based on a time apportionment method.

Brokerage fees are recognised as income based on inception of such transactions.

Dividends are recognised when the right to receive payment is established.

E Sale and repurchase agreements

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from their portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

F Financial assets

(a) Classification

The Group and the Bank allocate their financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held for trading and other financial assets designated by the Group and the Bank as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise cash and short-term funds, deposits placements with bank and other financial institutions, loans, advances and financing and other assets (except for foreclosed properties in Note U), in the statement of financial position.

(iii) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Group's and the Bank's management have the positive intent and ability to hold to maturity. If the Group or the Bank sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(iv) Financial investments available-for-sale

Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

F Financial assets (Continued)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group and the Bank commence to purchase or sell the asset. Interbank placements are recognised on settlement date. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income.

(c) Subsequent measurement

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of income in the financial year which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in other comprehensive income, until the securities are derecognised or impaired at which time the cumulative gains or loss previously recognised in equity are recognised in the statement of income. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the statement of income in the financial year it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity is calculated using the effective interest method and is recognised in the statement of income. Dividends from available-for-sale equity instruments are recognised in the statement of income when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans is included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

F Financial assets (Continued)

(d) Reclassification of financial assets

The Group and the Bank may choose to reclassify a non-derivative financial assets held for trading out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities become the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates prospectively.

Any previous gain or loss on that asset that has been recognised in other comprehensive income shall be accounted for as follows:

(i) In the case of a financial asset with a fixed maturity, the gain or loss shall be amortised to statement of income over the remaining life of the held-to-maturity investment using the effective interest method. Any difference between the new amortised cost and maturity amount shall also be amortised over the remaining life of the financial asset using the effective interest method, similar to the amortisation of a premium and a discount. If the financial asset is subsequently impaired, any gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with Note F(c).

(ii) In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognised in statement of income when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired any previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with Note F(c).

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

G Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Bank accounting policy on derivatives is detailed in Note K.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

G Financial liabilities (Continued)

(a) Financial liabilities at fair value through profit or loss (Continued)

Financial instruments, other than those held for trading, are classified as financial liabilities designated at fair value if they meet one or more of the criteria set out below, and are so designated by management. The Group and the Bank may designate financial instruments at fair value when the designation:

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group and the Bank under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income;
- applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Bank enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when either sold (assets) or extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, placements from investment accounts, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, sundry creditors, recourse obligation on loans and financing sold to Cagamas, bonds and debentures, other borrowings, subordinated obligations, amount due to subsidiaries, amount due to related companies and redeemable preference shares.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

H Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Bank test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group and the Bank under standard repurchase agreements transactions is not derecognised because the Group and the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

I Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

J Impairment of financial assets

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Group and the Bank use to determine whether there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

J Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

The Group and the Bank first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan or financial investments held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

J Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group and the Bank assess at each date of the statement of financial position whether there is objective evidence that the financial asset is impaired.

For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for “assets carried at amortised cost” above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income, the impairment loss is reversed through statement of income.

In the case of equity instruments classified as financial investments available-for-sale, in addition to the criteria for ‘assets carried at amortised cost’ above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on financial investments available-for-sale has incurred, the cumulative loss that has been recognised directly in equity is removed from other comprehensive income and recognised in the statement of income. The amount of cumulative loss that is reclassified to statement of income is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income. Impairment losses recognised in statement of income on equity instruments are not reversed through the statement of income.

K Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise the fair value of derivatives in statement of income immediately.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of future cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group and the Bank document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income based on recalculated effective interest rate method over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained profits until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

L Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	40 years or over the remaining period of the lease, whichever is shorter
Building on freehold land	40 years
Building on leasehold land	40 years or over the remaining period of the lease, whichever is shorter
Office and plant equipment, furniture and fittings:	
- office equipment	3 - 5 years
- plant equipment	5 years
- furniture and fittings	5 - 10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment:	
- servers and hardware	3 - 5 years
- ATM machine	5 - 10 years
Computer equipment under lease	3 - 5 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

M Intangible assets

(a) Goodwill

Goodwill arising from business combination represents the excess of the cost of acquisition and the fair value of the Group's share of the net of identifiable assets of the acquired subsidiary. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates and joint arrangements respectively are included in investments in associates and joint arrangements. Such goodwill is tested for impairment as part of the overall balance.

(b) Other intangible assets

Other intangible assets include credit card customer relationships, core deposits, computer software and license. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition date. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current financial year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

M Intangible assets (Continued)

(b) Other intangible assets (Continued)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:	
- credit card	12 years
- revolving credit	4 years
- overdraft	6 years
- trade finance	5 years
Core deposits	8 years
Computer software	3 - 15 years

N Assets purchased under lease

(a) Finance lease

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Bank are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property, plant and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to statement of income.

(b) Operating lease

Leasehold land

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Others

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the lease.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

N Assets purchased under lease (Continued)

(b) Operating lease (Continued)

Others (Continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

O Assets sold under lease

(a) Finance lease

When assets are sold under a finance lease, the present value of the lease payments is recognised as a debtor. The difference between the gross debtor and the present value of the debtor is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(b) Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight line basis over the lease term.

P Currency translations

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated Financial Statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional and presentation currency.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

P Currency translations (Continued)

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments available-for-sale are included in the revaluation reserve - financial investments available-for-sale in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

P Currency translations (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Q Income and deferred taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement financial investments available-for-sale, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with the deferred gain or loss.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

Q Income and deferred taxes (Continued)

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

R Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares and Redeemable Preference Shares are recognised as a liability when the shareholders' right to receive the dividend is established.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

S Employee benefits

(a) Short term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Bank.

(b) Post employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

S Employee benefits (Continued)

(b) Post employment benefits (Continued)

Defined benefit plans (Continued)

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting estimated future cash outflows using market rates on Thai government zero-coupon bond that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the financial year in which they arise.

Past-service costs are recognised immediately in profit or loss.

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

- (a) when the Group and the Bank can no longer withdraw the offer of those benefits; and
- (b) when the Group and the Bank recognise costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

S Employee benefits (Continued)

(e) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Bank's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share-based compensation benefits

Employee Ownership Plan ("EOP")

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees ('the final release date'). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

T Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

U Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell and reported within "Other Assets".

V Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

W Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The financial guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the amount determined in accordance with MFRS 137 "Provision, Contingent Liabilities and Contingent Assets", and the amount initially recognised less, when appropriate, accumulative amortisation recognised in accordance with MFRS 118 "Revenue". These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in the statement of income within overheads.

X Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements maturing less than one month.

Y Segment reporting

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.

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Z Non-current assets/disposal groups held for sale

Non-current assets/disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2015 (Continued)

AA Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Bank.

Investment properties are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group and the Bank use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statement of income as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

AB Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

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(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2015

1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 14 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

The holding company of the Bank is CIMB Group Sdn Bhd and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a company listed on the Main Board of the Bursa Malaysia Securities Berhad, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 13th Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at Menara Bumiputra-Commerce, 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

2 Cash and short-term funds

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Cash and balances with banks and other financial institutions	6,721,451	6,206,643	5,191,732	5,280,573
Money at call and deposit placements maturing within one month	13,467,380	19,249,412	8,967,654	16,154,526
	20,188,831	25,456,055	14,159,386	21,435,099

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****3 Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,171,102	3,570,308	4,531,649	5,182,769
Licensed investment banks	162,363	200,246	162,363	200,246
Bank Negara Malaysia and other central banks	-	16,370	-	-
Other financial institutions	107,099	57,958	-	-
	<u>1,440,564</u>	<u>3,844,882</u>	<u>4,694,012</u>	<u>5,383,015</u>

Included in the Bank's deposits and placements with banks and other financial institutions are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

As at 31 December 2015, the RPSIA placements amounted to RM2,901 million (2014: RM2,098 million) for a tenure between 1 to 3 months (2014: tenure 1 to 3 months) at indicative profit rates from 3.41% to 3.99% (2014: 3.38% to 3.96%) per annum.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****4 Financial assets held for trading**

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	634,713	676,023	634,713	676,023
Cagamas bonds	45,925	9,970	45,925	9,970
Malaysian Government treasury bills	47,739	138,038	32,878	123,212
Other Government securities	5,671,778	5,081,737	5,671,778	5,081,737
Bank Negara Malaysia Monetary Notes	20,914	3,662,375	996	1,426,838
Bankers' acceptances and Islamic accepted bills	-	121,197	-	121,197
Negotiable instruments of deposit	4,747,035	2,745,907	2,516,543	1,753,327
Commercial papers	506,398	151,700	506,398	151,700
Government Investment Issue	437,313	151,724	313,908	138,839
	12,111,815	12,738,671	9,723,139	9,482,843
Quoted securities:				
<u>In Malaysia</u>				
Shares	206,767	1,581,650	206,767	1,581,650
<u>Outside Malaysia</u>				
Shares	277,132	1,558,635	277,132	1,558,635
Private debt securities	458,204	210,698	-	-
Other Government bonds	247,809	510,339	-	-
	983,145	2,279,672	277,132	1,558,635
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	6,716	1	6,716
Private and Islamic debt securities	1,765,826	2,538,048	1,554,112	2,331,870
	1,765,827	2,544,764	1,554,113	2,338,586
<u>Outside Malaysia</u>				
Private equity funds	157,384	125,965	64,828	51,886
Private and Islamic debt securities	3,211,017	3,447,365	3,125,793	3,377,332
	3,368,401	3,573,330	3,190,621	3,429,218
	18,435,955	22,718,087	14,951,772	18,390,932

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****5 Financial investments available-for-sale**

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	457,708	527,247	457,708	527,247
Malaysian Government Sukuk	44,168	19,750	-	-
Khazanah bonds	328,709	553,937	308,520	483,723
Government Investment Issue	496,811	2,519,145	267,757	2,203,248
Negotiable instruments of deposit	258,112	-	258,112	-
Other Government treasury bills	-	72,335	-	72,335
Other Government securities	975,949	261,407	975,949	261,407
Cagamas bonds	207,300	148,161	183,629	139,657
Commercial papers	-	74,805	-	74,805
	2,768,757	4,176,787	2,451,675	3,762,422
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	4,193	9,795	94	99
Other Government bonds	2,655,837	2,209,594	-	-
Unit trusts	15,561	73,819	-	-
Private debt securities	512,418	297,039	-	-
	3,188,009	2,590,247	94	99
Unquoted securities:				
<u>In Malaysia</u>				
Shares	987,953	981,039	977,378	971,641
Private debt securities	13,931,288	14,230,343	12,401,358	12,700,845
Loan stocks	10,211	10,433	10,211	10,433
	14,929,452	15,221,815	13,388,947	13,682,919
<u>Outside Malaysia</u>				
Shares	32,524	28,993	997	839
Private equity funds	476,035	615,448	426,714	479,497
Private debt securities	6,875,790	5,141,452	6,793,799	5,057,859
	7,384,349	5,785,893	7,221,510	5,538,195
	28,270,567	27,774,742	23,062,226	22,983,635
Allowance for impairment losses:				
Private debt securities	(60,306)	(64,924)	(60,306)	(64,924)
Private equity funds	(84,006)	(68,420)	(79,347)	(64,625)
Unquoted shares	(105,048)	(97,238)	(78,323)	(73,821)
Loan stocks	(10,211)	(10,433)	(10,211)	(10,433)
Unit trusts	(347)	(392)	-	-
	(259,918)	(241,407)	(228,187)	(213,803)
	28,010,649	27,533,335	22,834,039	22,769,832

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****5 Financial investments available-for-sale (Continued)**

Securities and money market instruments amounting to RM4,616 million (2014: RM4,579 million) were invested by asset management companies on behalf of the Group and the Bank.

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	241,407	206,896	213,803	180,857
Allowance made during the financial year	2,438	28,930	1,902	28,910
Disposal of securities	(2,256)	-	(2,256)	-
Exchange fluctuation	18,329	5,581	14,738	4,036
At 31 December	259,918	241,407	228,187	213,803

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****6 Financial investments held-to-maturity**

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,674,626	1,116,365	1,674,626	1,116,365
Government Investment Issue	6,062,711	3,091,812	5,628,826	3,084,244
Other government securities	1,419,211	796,713	1,419,211	796,713
Cagamas bonds	267,966	201,076	237,242	201,076
Khazanah bonds	391,667	245,369	379,005	232,707
	9,816,181	5,451,335	9,338,910	5,431,105
Quoted securities:				
<u>Outside Malaysia</u>				
Private debt securities	2,704,542	2,602,142	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	27,388	-	-
Private debt securities	10,526,122	7,625,543	9,339,731	7,025,147
	10,533,142	7,652,931	9,339,731	7,025,147
<u>Outside Malaysia</u>				
Private debt securities	726,407	1,075,296	758,077	1,075,700
Amortisation of premium net of accretion of discount	(65,400)	(39,307)	(47,494)	(35,836)
Less: Allowance for impairment losses	(7,174)	(27,526)	-	-
	23,707,698	16,714,871	19,389,224	13,496,116

In 2015, securities and money market instruments amounting to RM1,008 million (2014: RM932 million) were invested by asset management companies on behalf of the Group and the Bank.

The Group and the Bank previously reclassified financial investments available-for-sale to financial investments held-to-maturity. Given the long term nature of the holdings, the bonds were reclassified from financial investments available-for-sale to financial investments held-to-maturity as part of the Bank's Asset Liability Management. It reflects the Bank's positive intent and ability to hold them until maturity. The bonds were transferred at the prevailing mark-to-market prices.

The fair value and the carrying amount of the financial investments and the fair value loss in revaluation reserve-financial investments available-for-sale at the date of reclassification are RM4,477,287,000 (2014: RM659,540,000) and RM4,673,993,000 (2014: RM659,667,000) and RM196,706,000 (2014: RM127,000) respectively for the Group and RM4,007,007,000 (2014: RM659,540,000) and RM4,182,773,000 (2014: RM659,667,000) and RM175,766,000 (2014: RM127,000) for the Bank.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

6 Financial investments held-to-maturity (Continued)

The fair value and carrying amount of the financial investments as at 31 December 2015 are RM5,664,452,000 (2014: RM1,339,000,000) and RM5,665,760,000 (2014: RM1,344,000,000) for the Group and RM5,193,723,000 (2014: RM1,339,000,000) and RM5,195,149,000 (2014: RM1,344,000,000) for the Bank.

The fair value loss that would have been recognised in other comprehensive income if the financial investments had not been reclassified is RM764,000 (2014: fair value loss of RM7,124,000) for the Group and RM1,212,000 (2014: fair value loss of RM7,124,000) for the Bank.

As at 31 December 2015, the remaining unamortised fair value loss in revaluation reserve-financial investments available-for-sale amounting to RM194,144,000 (2014: RM1,209,000) for the Group and RM173,674,000 (2014: RM1,209,000) for the Bank.

Included in the financial investments held-to-maturity of the Group as at 31 December 2014 are 10-year promissory notes of THB9 million which has matured in 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank Public Company Limited ("CIMB Thai Bank") to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans.

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	27,526	27,519	-	-
Amount written off	(20,368)	-	-	-
Exchange fluctuation	16	7	-	-
At 31 December	<u>7,174</u>	<u>27,526</u>	<u>-</u>	<u>-</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****7 Loans, advances and financing**

(i) By type

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Overdrafts	5,400,737	5,472,339	3,697,406	3,890,702
Term loans/financing				
- Housing loan/financing	65,920,173	57,366,545	48,208,195	42,099,364
- Syndicated term loan	17,030,250	14,608,120	14,785,024	14,031,052
- Other term loans/financing	98,553,723	82,732,253	68,838,773	56,888,652
- Factoring receivables	48,115	25,529	-	-
- Lease receivables	110,860	34,610	-	-
- Hire purchase receivables	16,245,737	15,685,097	9,205,173	8,155,403
Bills receivable	6,408,165	10,699,811	2,738,160	7,253,446
Trust receipts	1,946,329	1,316,462	1,188,901	617,123
Claim on customers under acceptance credit	3,147,815	3,070,409	2,702,777	2,678,005
Staff loans	626,524	537,940	511,333	446,359
Credit card receivables	6,860,195	6,089,363	6,705,135	5,971,925
Revolving credit	16,080,717	13,243,998	13,903,086	10,813,908
Share margin financing	786,194	801,329	782,094	791,876
Gross loans, advances and financing	239,165,534	211,683,805	173,266,057	153,637,815
Fair value changes arising from fair value hedges	164,694	136,079	57,794	81,704
	239,330,228	211,819,884	173,323,851	153,719,519
Less: Individual impairment allowance	(1,922,002)	(1,897,017)	(1,543,266)	(1,613,522)
Less: Portfolio impairment allowance	(1,970,342)	(1,968,148)	(1,110,673)	(1,231,434)
Total net loans, advances and financing	235,437,884	207,954,719	170,669,912	150,874,563

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

7 Loans, advances and financing (Continued)

(i) By type (continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM47,172,000 (2014: RM49,684,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have 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 and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM4,879,641,000 (2014: RM8,119,997,000) and RM1,252,968,000 (2014: RM1,723,826,000) respectively, using interest rate swaps.
- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 3), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 31 December 2015, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM2,733 million (2014: RM2,099 million) and RM5.4 million (2014: RM6.4 million) respectively.

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****7 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Domestic banking institutions	1,444,678	2,359,359	1,424,314	2,334,649
Domestic non-bank financial institutions				
- stockbroking companies	-	13,224	-	10,016
- others	3,100,402	3,189,524	1,101,460	1,192,017
Domestic business enterprises				
- small medium enterprises	24,988,104	22,627,554	17,355,502	16,411,211
- others	35,617,846	30,104,596	20,857,752	17,816,636
Government and statutory bodies	8,852,539	8,854,267	2,073,966	2,078,806
Individuals	125,531,320	111,276,128	91,708,758	81,264,868
Other domestic entities	989,057	783,966	497,333	411,303
Foreign entities	38,641,588	32,475,187	38,246,972	32,118,309
Gross loans, advances and financing	<u>239,165,534</u>	<u>211,683,805</u>	<u>173,266,057</u>	<u>153,637,815</u>

(iii) By interest rate sensitivity:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Fixed rate				
- Housing loans	2,052,871	1,678,201	1,356,225	995,268
- Hire-purchase receivables	10,497,249	11,761,674	3,444,693	4,220,635
- Other fixed rate loans	28,557,983	29,484,969	14,894,134	16,288,634
Variable rate				
- BLR plus	99,899,272	94,364,692	82,606,664	78,420,393
- Cost-plus	37,380,641	34,419,057	29,738,280	28,095,239
- Other variable rates	60,777,518	39,975,212	41,226,061	25,617,646
Gross loans, advances and financing	<u>239,165,534</u>	<u>211,683,805</u>	<u>173,266,057</u>	<u>153,637,815</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****7 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Personal use	9,720,167	8,061,845	4,756,025	3,127,394
Credit card	6,860,195	6,089,363	6,705,135	5,971,925
Purchase of consumer durables	109,330	594,860	88,217	573,051
Construction	8,564,774	7,540,856	5,082,119	3,970,192
Residential property (Housing)	67,647,819	59,318,648	49,547,877	43,853,494
Non-residential property	25,124,046	20,573,059	21,315,900	16,999,410
Purchase of fixed assets other than land and building	2,243,940	2,394,976	1,666,793	1,902,427
Merger and acquisition	3,617,161	5,288,961	3,616,568	5,288,027
Purchase of securities	26,288,181	18,741,333	24,034,179	18,157,220
Purchase of transport vehicles	17,026,610	15,815,995	9,946,518	8,442,752
Working capital	53,704,735	51,389,488	38,788,112	37,316,882
Other purpose	18,258,576	15,874,421	7,718,614	8,035,041
Gross loans, advances and financing	<u>239,165,534</u>	<u>211,683,805</u>	<u>173,266,057</u>	<u>153,637,815</u>

(v) By geographical distribution:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	166,522,852	152,607,147	125,641,750	115,731,035
Indonesia	2,918,947	3,240,490	2,918,936	3,240,490
Thailand	28,346,178	22,002,388	4,705,248	1,734,560
Singapore	29,569,860	21,097,513	29,569,860	21,097,513
United Kingdom	1,075,814	1,061,209	1,075,814	1,061,209
Hong Kong	1,077,311	606,986	1,077,311	606,986
China	1,959,026	5,937,731	1,959,026	5,937,731
Other countries	7,695,546	5,130,341	6,318,112	4,228,291
Gross loans, advances and financing	<u>239,165,534</u>	<u>211,683,805</u>	<u>173,266,057</u>	<u>153,637,815</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****7 Loans, advances and financing (Continued)**

(vi) By residual contractual maturity:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Maturing within one year	42,288,081	46,557,134	32,334,678	37,060,827
One year to less than three years	26,840,213	15,156,770	20,130,054	11,814,674
Three years to less than five years	26,531,558	25,353,765	15,631,887	15,860,777
Five years and more	143,505,682	124,616,136	105,169,438	88,901,537
Gross loans, advances and financing	239,165,534	211,683,805	173,266,057	153,637,815

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

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Personal use	198,265	226,761	100,186	93,829
Credit card	147,089	97,279	142,724	94,357
Purchase of consumer durables	228	5,588	185	5,582
Construction	1,135,825	1,069,624	1,092,897	1,016,867
Residential property (Housing)	990,075	950,842	711,494	652,515
Non-residential property	168,854	151,818	128,816	118,389
Purchased of fixed assets other than land and building	5,708	4,986	3,008	1,770
Purchase of securities	153,939	142,961	152,951	142,761
Purchase of transport vehicles	288,391	398,813	148,027	184,142
Working capital	869,743	934,734	623,691	722,536
Other purpose	382,252	388,398	20,340	37,763
Gross impaired loans, advances and financing	4,340,369	4,371,804	3,124,319	3,070,511

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

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	3,180,979	3,224,126	2,753,889	2,758,892
Indonesia	145,429	108,839	145,429	108,839
Thailand	789,035	816,468	610	-
Singapore	93,854	30,827	93,854	30,827
United Kingdom	2,838	3,982	2,838	3,982
China	64,860	95,775	64,860	95,775
Other countries	63,374	91,787	62,839	72,196
Gross impaired loans, advances and financing	4,340,369	4,371,804	3,124,319	3,070,511

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****7 Loans, advances and financing (Continued)**

(ix) Movements in impaired loans, advances and financing are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,371,804	4,274,943	3,070,511	3,331,299
Classified as impaired during the financial year	3,585,631	3,178,159	2,133,068	1,875,539
Reclassified as not impaired during the financial year	(1,466,533)	(1,449,335)	(987,748)	(963,866)
Amount written back in respect of recoveries	(989,982)	(831,284)	(562,641)	(659,578)
Amount written off	(993,391)	(860,796)	(598,594)	(533,317)
Sale of impaired loans	(338,654)	-	-	-
Exchange fluctuation	171,494	60,117	69,723	20,434
At 31 December	4,340,369	4,371,804	3,124,319	3,070,511
Ratio of gross impaired loans to total loans, advances and financing	1.81%	2.07%	1.80%	2.00%

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****8 Other assets**

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Foreclosed properties	(a)	114,987	154,541	-	-
Structured financing		2,279,166	196,002	2,279,166	196,002
Collateral pledged for derivative transactions		5,640,407	3,116,901	4,925,486	2,912,711
Collateral for securities lending		463,326	-	463,326	-
Other debtors, deposits and prepayments *	(b)	2,359,699	2,362,548	2,178,611	2,154,708
		10,857,585	5,829,992	9,846,589	5,263,421

* net of allowance for doubtful debts of RM15,375,000 (2014: RM6,282,000) for the Group and RM10,655,000 (2014: RM5,980,000) for the Bank

(a) Movements in foreclosed properties during the financial year are as follows:

	The Group	
	2015 RM'000	2014 RM'000
At 1 January	154,541	136,348
Acquired during the financial year	136,360	152,656
Disposed during the financial year	(197,761)	(145,281)
Exchange difference	21,847	10,818
At 31 December	114,987	154,541

(b) Movements of allowance for doubtful debts on other debtors, deposits and prepayments are as follows:

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	6,282	5,784	5,980	4,908
Net allowance made during the financial year	8,890	980	4,293	1,492
Write off	(188)	(63)	(9)	-
Exchange difference	391	(419)	391	(420)
At 31 December	15,375	6,282	10,655	5,980

Foreclosed properties are stated at lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2015. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****9 Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	289,940	191,246	141,458	69,009
Deferred tax liabilities	(2,490)	(2,346)	-	-
	287,450	188,900	141,458	69,009

Further breakdown are as follows:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
Individual/Portfolio impairment allowance	79,900	64,864	-	257
Revaluation reserve - financial investments available-for-sale	8,375	5,756	-	-
Provision for expenses	273,843	269,998	241,099	243,699
Cash flow hedge	8,596	3,142	8,420	3,142
Post employment benefit obligations	33,572	26,666	-	-
Other temporary differences	67,247	49,226	62,411	38,650
	471,533	419,652	311,930	285,748
Offsetting	(181,593)	(228,406)	(170,472)	(216,739)
Deferred tax assets (after offsetting)	289,940	191,246	141,458	69,009
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(54,861)	(117,446)	(52,694)	(110,970)
Revaluation reserve - financial investments available-for-sale	(115,638)	(95,603)	(106,288)	(90,611)
Intangible assets	(13,065)	(16,766)	(11,490)	(15,158)
Other temporary differences	(519)	(937)	-	-
	(184,083)	(230,752)	(170,472)	(216,739)
Offsetting	181,593	228,406	170,472	216,739
Deferred tax liabilities (after offsetting)	(2,490)	(2,346)	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2015		64,864	(117,446)	(89,847)	48,289	(16,766)	269,998	3,142	26,666	188,900
Credited to statements of income	44	8,500	28,937	-	11,161	3,701	33	-	1,129	53,461
Over/(under) accrual in prior year		(1,189)	33,648	-	(1,124)	-	57	-	-	31,392
Transferred (to)/from equity		-	-	(13,518)	-	-	-	5,278	2,442	(5,798)
Exchange difference		7,725	-	(3,898)	8,402	-	3,755	176	3,335	19,495
At 31 December 2015		79,900	(54,861)	(107,263)	66,728	(13,065)	273,843	8,596	33,572	287,450

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2014		60,468	(128,575)	(67,794)	57,210	(24,251)	283,397	2,953	20,786	204,194
Credited/(charged) to statements of income	44	1,204	10,264	-	(2,921)	7,485	(15,201)	-	1,812	2,643
(Under)/over accrual in prior year		(498)	865	-	(8,188)	-	1,499	-	-	(6,322)
Transferred (to)/from equity		-	-	(22,004)	-	-	-	189	2,500	(19,315)
Exchange difference		3,690	-	(49)	2,188	-	303	-	1,568	7,700
At 31 December 2014		64,864	(117,446)	(89,847)	48,289	(16,766)	269,998	3,142	26,666	188,900

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Bank	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Total RM'000
Deferred tax assets/(liabilities)									
At 1 January 2015		257	(110,970)	(90,611)	38,650	(15,158)	243,699	3,142	69,009
(Charged)/credited to statements of income	44	(257)	24,861	-	20,306	3,668	(5,506)	-	43,072
Over/(under) accrual in prior year		-	33,415	-	(1,081)	-	(267)	-	32,067
Transferred (to)/from equity		-	-	(15,677)	-	-	-	5,278	(10,399)
Exchange fluctuation		-	-	-	4,536	-	3,173	-	7,709
At 31 December 2015		-	(52,694)	(106,288)	62,411	(11,490)	241,099	8,420	141,458

The Bank	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Total RM'000
Deferred tax assets/(liabilities)									
At 1 January 2014		301	(114,443)	(70,473)	36,794	(22,466)	252,596	2,953	85,262
(Charged)/credited to statements of income	44	(44)	2,593	-	9,483	7,308	(9,881)	-	9,459
(Under)/over accrual in prior year		-	880	-	(7,627)	-	984	-	(5,763)
Transferred (to)/from equity		-	-	(20,138)	-	-	-	189	(19,949)
At 31 December 2014		257	(110,970)	(90,611)	38,650	(15,158)	243,699	3,142	69,009

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****10 Statutory deposits with central banks**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Statutory deposits with				
- Bank Negara Malaysia	5,673,212	4,984,559	4,415,734	3,686,605
- Other central banks	2,026,586	1,854,885	1,724,191	1,439,231
	7,699,798	6,839,444	6,139,925	5,125,836

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of foreign subsidiaries and foreign branches are maintained with respective central banks in compliance with the applicable legislation.

11 Amounts due from holding company and ultimate holding company

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from:				
- ultimate holding company	2,498	28,853	2,498	-
- holding company	305	-	305	-
	2,803	28,853	2,803	-

The amounts due from holding company and ultimate holding company are unsecured, interest free and callable on demand.

12 Amounts due from/(to) subsidiaries

	The Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Amounts due from subsidiaries	40,622	6,264
Amounts due to subsidiaries	(34,647)	(126,290)

The amounts due from/(to) subsidiaries are unsecured, interest free and callable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****13 Amounts due from/(to) related companies**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from related companies	1,272,717	1,233,998	1,269,970	1,230,514
Amounts due to related companies	(24,652)	(40,783)	(15,561)	(23,250)

Included in amount due from related companies is an amount of RM1,237,928,000 (2014: RM1,189,074,000) due from PCSB. With the adoption of MFRS 139 on 1 January 2010, hire-purchase receivables belonging to PCSB were de-recognised from the Group's and the Bank's loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

The amounts from/(to) related companies are unsecured, interest free and callable on demand.

14 Investments in subsidiaries

	The Bank	
	31 December 2015	31 December 2014
	RM'000	RM'000
Unquoted shares, at cost		
- ordinary shares	4,471,323	4,829,003
- preference shares	220,000	220,000
	4,691,323	5,049,003
Less: Allowance for impairment losses	(17,194)	(12,751)
	4,674,129	5,036,252

The table below shows the movements in allowance for impairment losses during the financial year for the Bank:

	The Bank	
	2015	2014
	RM'000	RM'000
At 1 January	12,751	13,784
Allowance made during the financial year	4,443	-
Liquidation of a subsidiary	-	(1,033)
At 31 December	17,194	12,751

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

14 Investments in subsidiaries (Continued)

(a) Additional investment in subsidiaries

- (i) On 26 June 2015, CIMB Bank completed the capital injection of USD5 million into new ordinary shares of CIMB Bank PLC. The new 5,000,000 ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.
- (ii) On 27 August 2015, CIMB Thai Bank, 93.71% owned subsidiary of the Bank, announced a 7-for-40 rights issue at THB1 per share. The exercise was approved at the Annual General Meeting on 10 April 2015. The exercise was completed on 6 November 2015 and CIMB Thai Bank successfully raised a total capital of THB3.69 billion.

Subsequent to the right issue, CIMB Bank's shareholding in CIMB Thai Bank has been maintained at 93.71% as it subscribed fully to its allotment of shares.

- (iii) During the financial year, the Bank has designated fair value hedge over the cost of investment in CIMB Bank (PLC).

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(b) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		%	%	%	%
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
Mutiara Aset Berhad	Financial services	100	100	-	-
CIMB Islamic Trustee Berhad	Trustee services	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Semerak Services Sdn. Bhd.	Provision of security, maintenance and other related services	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of management services and outsourcing	100	100	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(b) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan) #	Fund management	-	-	100	100
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan) #	Fund management	-	-	100	100
Mezzanine Capital Limited	Fund management	-	-	100	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Nominee services	-	-	100	100
CIMB Commerce Trustee Berhad	Trustee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SIBB Berhad	Investment dealings	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	80	80

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(b) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2015 %	31 December 2014 %	31 December 2015 %	31 December 2014 %
SFB Auto Berhad	Financial services	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte Ltd (Incorporated in Republic of Singapore) ^a	Nominee services	100	100	-	-
Southeast Asia Special Asset Vehicle Limited (formerly known as SBB Capital Corporation)	Special purpose vehicle	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn. Bhd. [@]	Nominee services	-	100	-	-
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^a	Banking	93.71	93.71	-	-
Commerce Returns Berhad [^]	Special purpose vehicle	100	100	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^a	Commercial banking and related financial services	100	100	-	-
Merdeka Kapital Berhad	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	**	**	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(b) The subsidiaries of the Bank are as follows: (Continued)

The subsidiaries held through CIMB Thai Bank Public Company Limited are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		%	%	%	%
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) ^α	Debt collection service	-	-	99.99	99.99
Centre Auto Lease Company Limited (Incorporated in the Kingdom of Thailand) ^α	Leasing/hire purchase	-	-	99.99	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) ^α	Hire purchase of motorcycles	-	-	99.99	99.99
Krungthai Thanakit Finance PCL (Incorporated in the Kingdom of Thailand) [#]	Dormant	-	-	99.10	99.10
PT Pattanasup Company Limited (Incorporated in the Kingdom of Thailand) [#]	Dormant	-	-	99.93	99.93

^α Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

^{**} The silo of Merdeka Kapital Berhad is consolidated pursuant to MFRS 10 and not audited by PricewaterhouseCoopers Malaysia

[@] Company has been voluntarily liquidated during the financial year

[^] Consolidated in the Group as the substance of the relationship between the entity and the Bank indicates that the entity is controlled by the Bank

[#] In the process of liquidation

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia

(c) Consolidation of the silo of Merdeka Kapital Berhad

In 2011, the Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to the Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(d) Details of subsidiaries that have material non-controlling interests:

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non- controlling interests		Accumulated non-controlling interests	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	6.3	6.3	3,259	7,178	385,587	336,893
Individually immaterial subsidiaries with non-controlling interests					17,096	14,802
					402,683	351,695

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	CIMB Thai Bank Public Company Limited Group As at 31 December	
	2015 RM'000	2014 RM'000
Total assets	36,199,927	29,180,235
Total liabilities	(32,984,326)	(26,713,246)
Net assets	3,215,601	2,466,989
	Year ended 31 December	
	2015 RM'000	2014 RM'000
Revenue	1,467,973	1,087,457
Profit before taxation	87,157	140,214
Taxation	(35,221)	(25,392)
Other comprehensive expense	277,757	149,864
Total comprehensive income	329,693	264,686
Profit allocated to non-controlling interest	3,259	7,178
Dividends paid to non-controlling interest	1,067	1,312
Net cash (used in)/generated from operating activities	(2,417,554)	576,546
Net cash generated from/(used in) investing activities	102,496	(407,848)
Net cash generated from/(used in) financing activities	2,262,850	(312,933)
Net decrease in cash and cash equivalents	(52,208)	(144,235)

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

14 Investments in subsidiaries (Continued)

(e) Unconsolidated structured entities:

- (i) Nature, purpose and extent of the Group's and the Bank's interest in unconsolidated structure entities

Investment Vehicle 1

CIMB Bank's involvement in unconsolidated structured entities ("USE") for investment purposes are typically in the capacity of an investor with limited liability and no management control, with a view to invest in the USE's business model which may include trading strategies on various asset classes such as interest rate futures on major liquid currencies. CIMB Bank earns a share of profits which are typically distributed in proportion to each capital provider's share in the USE, while additional capital support, albeit limited, may be required if the USE is loss-making.

Investment Vehicle 2

CIMB Bank's involvement in USE is for investment purposes with a view to invest in the USE's profit participation scheme ("PPS") as principal and on-sell to other investors. The PPS will be used to fund USE's purchase of the rights to all the present and future cashflow of dividends and other shareholders' distribution (the "Dividends") of the underlying assets. CIMB Bank earns a fixed payout amount per annum against its invested amount and the cashflows from the Dividends in accordance with a pre-agreed order of priority as set out in the terms of the PPS and will expire upon the final payment of the cashflows.

Third Party Funding Entity

CIMB Bank provides funding to USE, whereby such funding may be secured against a variety of assets/collateral. The Bank may also enter into a derivative transaction with USE in its normal course of business.

CIMB Bank does not consolidate these USEs as the Bank does not have control over these entities in accordance with MFRS10.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(e) Unconsolidated structured entities: (Continued)

(ii) Carrying amount, size and maximum exposure to loss (Continued)

	Carrying amount as at 31 December 2014		
	Investment	Investment	Third Party
	Vehicle 1	Vehicle 2	Funding Entity
	RM'000	RM'000	RM'000
Cash and short-term funds	4,093	-	57,559
Reverse repurchase agreements	-	-	712,730
Financial investments available-for-sale	692	269,694	-
Other assets	349,650	-	-
Total assets	354,435	269,694	770,289
Derivative financial liabilities **	-	-	25,842
Total liabilities	-	-	25,842
Commitments	349,650	-	-
	Investment	Investment	Third Party
	Vehicle 1	Vehicle 2	Funding Entity
	RM'000	RM'000	RM'000
Assets size of structured entity*	10,052,438	3,966,000	769,230

* Where the Bank does not have control over the USE, the assets size of the USE is based on the Bank's best estimates.

** Derivative liabilities are based of a notional amount of USD200 million.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

14 Investments in subsidiaries (Continued)

(e) Unconsolidated structured entities: (Continued)

(ii) Carrying amount, size and maximum exposure to loss (Continued)

Cash and short-term funds

Represents CIMB Bank's cash received from realised gains from derivatives, interest income and dividend income.

Financial investments available-for-sale

Represents CIMB Bank's equity/economic interests in unconsolidated structured entities.

Reverse repurchase agreements, other assets and other liabilities

Reverse repurchase agreements represents reverse repurchase agreements or loans to Third Party Funding Entity which may be collateralised by underlying securities. Other assets and other liabilities pertaining to Third Party Funding Entity may include cash collateral pledged to/received from Third Party Funding Entity for the purposes of mitigating counterparty credit exposure arising from existing transactions. In the context of Investment Vehicles, other assets include collateral placements to Investment Vehicles for collateralisation purposes against potential future losses incurred by the vehicle.

Derivative financial liabilities

Derivative transactions entered into with the structured entities are in the normal course of business. Carrying amounts of the derivative financial liabilities do not reflect the true variability of returns to CIMB Bank because they do not take into account the effects of collateral or hedges.

Commitments

Represents financial commitments (such as capital support) which CIMB Bank is contractually obligated to make to the Investment Vehicles in a given year due to losses/underperformance of the underlying business of the vehicle. The maximum liability is capped at the collateral amounts pledged (see Other Assets for Investment Vehicle 1).

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****14 Investments in subsidiaries (Continued)**

(e) Unconsolidated structured entities: (Continued)

(iii) Income/losses from structured entities

Structured Entity	Gains/(losses) recognised in the statements of income for the financial year ended 31 December 2015		
	Unrealised losses on derivatives	Realised gains on derivatives	Total
	RM'000	RM'000	RM'000
Third Party Funding Entity	(169,349)	167,235	(2,114)

Structured Entity	Gains/(losses) recognised in the statements of income for the financial year ended 31 December 2014		
	Unrealised losses on derivatives	Realised gains on derivatives	Total
	RM'000	RM'000	RM'000
Third Party Funding Entity	(25,842)	57,559	31,717

Structured Entity	Income recognised in the statements of income for the financial year ended 31 December 2015		
	Interest Income	Dividend Income	Total
	RM'000	RM'000	RM'000
Investment Vehicle 1	4,958	4,287	9,245
Investment Vehicle 2 [^]	-	3,623	3,623
Third Party Funding Entity	24,795	-	24,795
	29,753	7,910	37,663

Structured Entity	Income recognised in the statements of income for the financial year ended 31 December 2014		
	Interest Income	Dividend Income	Total
	RM'000	RM'000	RM'000
Investment Vehicle 1	2,415	1,678	4,093
Third Party Funding Entity	13,430	-	13,430
	15,845	1,678	17,523

[^]The Investment Vehicle 2 was set up on 22 December 2014, therefore no income has been recognised for the financial year ended 31 December 2014.

Unrealised losses on derivatives do not reflect the true variability of returns to CIMB Bank because they do not take into account the effects of collateral or hedges.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****15 Investment in joint venture**

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	161,188	158,307
Share of profit	1,587	2,881
At 31 December	162,775	161,188

	The Bank	
	31 December	31 December
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost	125,000	125,000

(a) Information about joint venture:

The principal place of business and country of incorporation of the joint venture is Malaysia. The joint venture is measured using the equity method. There is no available quoted market price of the investment in the joint venture.

The direct joint venture of the Bank is:

Name	Principal activity	Percentage of equity held	
		2015	2014
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50

On 22 October 2003, Bumiputra-Commerce Finance Berhad (“BCF”) (now known as Mutiara Aset Berhad) entered into a joint venture agreement with Proton Edar Sdn. Bhd. (“PESB”) for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a joint venture was incorporated under the name of Proton Commerce Sdn. Bhd. (“PCSB”) which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares (“PPS”) which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****15 Investment in joint venture (Continued)**

- (b) The summarised financial information below represents amounts shown in the material joint venture's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	PCSB	
	As at 31 December	
	2015	2014
	RM'000	RM'000
Non-current assets	1,473,202	1,627,977
Current assets	493,880	274,984
Current liabilities (non-trade)	(1,358,734)	(1,300,586)
Non-current liabilities (non-trade)	(282,798)	(280,000)
Net assets	<u>325,550</u>	<u>322,375</u>
The above amounts of assets include the following:		
Cash and cash equivalents	<u>296,048</u>	<u>159,090</u>
	Year ended 31 December	
	2015	2014
	RM'000	RM'000
Revenue	<u>93,363</u>	<u>91,790</u>
Profit for the financial year/Total comprehensive income for the financial year	<u>3,174</u>	<u>5,761</u>
The above profit for the financial year include the following:		
Interest income	84,994	86,435
Interest expense	(48,709)	(43,513)
Taxation	<u>(1,603)</u>	<u>(3,221)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****15 Investment in joint venture (Continued)**

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture recognised in the consolidated financial statements:

	PCSB	
	2015	2014
	RM'000	RM'000
Opening net assets as at 1 January	322,375	316,614
Profit for the financial year	3,174	5,761
Closing net assets as at 31 December	<u>325,550</u>	<u>322,375</u>
Interest in joint venture	50%	50%
Interest in joint venture (RM'000)	<u>162,775</u>	<u>161,188</u>

16 Investments in associates

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	785,797	693,343
Profit on distributions from associate and capital repayments	(52,244)	(3,303)
Dividend from associate	(23,920)	(20,038)
Share of associate's other comprehensive (expense)/income	(4,963)	4,963
Share of profit	93,425	110,832
At 31 December	<u>798,095</u>	<u>785,797</u>
	The Bank	
	2015	2014
	RM'000	RM'000
At 1 January	318,329	321,635
Profit on distributions from associate and capital repayments	(12,745)	(3,306)
At 31 December	<u>305,584</u>	<u>318,329</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****16 Investments in associates (Continued)**

(a) Information about associates:

The principal place of business and country of incorporation of the associates is Malaysia unless stated otherwise. All associates are measured using the equity method. There are no available quoted market prices of the investments in the associates.

The direct associates of the Bank are:

Name	Principal activities	Percentage of equity held	
		2015	2014
		%	%
Bank of Yingkou Co., Ltd (Incorporated in the People's Republic of China)	Banking	18.21	19.36
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Investing in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	25.1	25.1
SEASAF Power Sdn. Bhd.	Investment holding	25.1	25.1
SEASAF Highway Sdn. Bhd. *	Investment holding	25.1	25.1
SEASAF Education Sdn. Bhd. *	Investment holding	25.1	25.1
SEASAF 1 Resources Pte Ltd * (Incorporated in the Republic of Singapore)	Investment holding	25.1	25.1

* In the process of liquidation

During the financial year, Bank of Yingkou completed a capital increase of 126,979,132 new shares of RMB1.00 each raising a proceeds of RMB438,078,005. The Bank did not participate in the capital increase and accordingly its percentage holding in Bank of Yingkou is reduced from 19.36% to 18.21%.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****16 Investments in associates (Continued)**

- (b) The summarised financial information below represents amounts shown in the material associates' financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	Bank of Yingkou	
	As at 31 December	
	2015	2014
	RM'000	RM'000
Total assets	68,684,691	45,813,219
Total liabilities	(64,344,777)	(42,130,944)
Net assets	<u>4,339,914</u>	<u>3,682,275</u>
	Year ended 31 December	
	2015	2014
	RM'000	RM'000
Revenue	<u>1,667,997</u>	<u>1,566,901</u>
Profit for the financial year/Total comprehensive income for the financial year	<u>536,518</u>	<u>572,492</u>
Dividends paid by the associate during the financial year	<u>123,556</u>	<u>98,222</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****16 Investments in associates (Continued)**

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	Bank of Yingkou	
	2015	2014
	RM'000	RM'000
Opening net assets as at 1 January	3,682,275	3,092,139
Profit for the financial year	536,518	572,492
Dividends	(123,556)	(98,222)
Increase in share capital	244,677	115,866
Closing net assets as at 31 December	4,339,914	3,682,275
Interest in associate (%)	18.21%	19.36%
Interest in associate	790,298	712,888
Goodwill	7,797	7,797
Carrying value	798,095	720,685

- (d) Aggregate information of associate that is not individually material:

	31 December	31 December
	2015	2014
	RM'000	RM'000
The Group's share of loss for the financial year	(7,905)	(3,666)
The Group's share of other comprehensive (expense)/income for the financial year	(4,963)	4,963
The Group's share of total comprehensive (expense)/income for the financial year	(12,868)	1,297
Aggregate carrying amount of the Group's interest in the associate	-	65,112

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****17 Goodwill**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost				
At 1 January	4,969,324	4,894,179	3,559,075	3,559,075
Exchange fluctuation	148,911	75,145	-	-
At 31 December	<u>5,118,235</u>	<u>4,969,324</u>	<u>3,559,075</u>	<u>3,559,075</u>
Impairment				
At 1 January/31 December	(4,000)	(4,000)	(4,000)	(4,000)
Net book value at 31 December	<u>5,114,235</u>	<u>4,965,324</u>	<u>3,555,075</u>	<u>3,555,075</u>

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following cash-generating units (“CGUs”). These CGUs do not carry any intangible assets with indefinite useful lives.

A segment-level summary of the goodwill allocation is presented below:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Retail Financial Services	1,262,272	1,262,272	1,262,272	1,262,272
Commercial Banking	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	-	-
Group Cards	425,803	425,803	425,803	425,803
Treasury	537,000	537,000	537,000	537,000
Foreign Banking operations	1,199,277	1,199,277	-	-
Goodwill	4,890,352	4,890,352	3,555,075	3,555,075
Exchange fluctuation	223,883	74,972	-	-
	<u>5,114,235</u>	<u>4,965,324</u>	<u>3,555,075</u>	<u>3,555,075</u>

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

17 Goodwill (Continued)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2016 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 4.5% (2014: 5.00%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.00% (2014: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 6.62% (2014: 7.04%) and 5.35% (2014: 7.06%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2015 and 31 December 2014.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****18 Intangible assets**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2015						
Cost						
At 1 January		163,413	264,662	1,982,074	309	2,410,458
Additions		-	-	231,206	-	231,206
Disposals/write-off		-	-	(68,269)	-	(68,269)
Reclassified to property, plant and equipment	20	-	-	(3,076)	-	(3,076)
Exchange fluctuation		109	-	45,185	37	45,331
At 31 December		163,522	264,662	2,187,120	346	2,615,650
Amortisation and impairment						
At 1 January		118,764	264,401	952,677	187	1,336,029
Amortisation during the financial year		12,758	131	184,533	110	197,532
Disposals/write-off		-	-	(8,977)	-	(8,977)
Exchange fluctuation		126	-	29,795	11	29,932
At 31 December		131,648	264,532	1,158,028	308	1,554,516
Net book value at 31 December 2015		31,874	130	1,029,092	38	1,061,134
2014						
Cost						
At 1 January		163,358	264,662	1,719,421	290	2,147,731
Additions		-	-	270,955	-	270,955
Disposals/write-off		-	-	(17,963)	-	(17,963)
Reclassified to property, plant and equipment	20	-	-	(710)	-	(710)
Exchange fluctuation		55	-	10,371	19	10,445
At 31 December		163,413	264,662	1,982,074	309	2,410,458
Amortisation and impairment						
At 1 January		105,372	247,793	779,447	84	1,132,696
Amortisation during the financial year		13,332	16,608	165,439	98	195,477
Disposals/write-off		-	-	(923)	-	(923)
Exchange fluctuation		60	-	8,714	5	8,779
At 31 December		118,764	264,401	952,677	187	1,336,029
Net book value at 31 December 2014		44,649	261	1,029,397	122	1,074,429

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****18 Intangible assets (Continued)**

	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
The Bank				
2015				
Cost				
At 1 January	153,091	263,612	1,707,842	2,124,545
Additions	-	-	206,934	206,934
Disposals/write-off	-	-	(60,967)	(60,967)
Exchange fluctuation	-	-	25,678	25,678
At 31 December	153,091	263,612	1,879,487	2,296,190
Amortisation				
At 1 January	108,438	263,612	796,428	1,168,478
Amortisation during the financial year	12,758	-	162,130	174,888
Disposals/write-off	-	-	(3,088)	(3,088)
Exchange fluctuation	-	-	12,948	12,948
At 31 December	121,196	263,612	968,418	1,353,226
Net book value at 31 December 2015	31,895	-	911,069	942,964
The Bank				
2014				
Cost				
At 1 January	153,091	263,612	1,556,675	1,973,378
Additions	-	-	250,248	250,248
Disposals/write-off	-	-	(101,083)	(101,083)
Exchange fluctuation	-	-	2,002	2,002
At 31 December	153,091	263,612	1,707,842	2,124,545
Amortisation				
At 1 January	95,680	247,136	651,850	994,666
Amortisation during the financial year	12,758	16,476	144,123	173,357
Disposals/write-off	-	-	(688)	(688)
Exchange fluctuation	-	-	1,143	1,143
At 31 December	108,438	263,612	796,428	1,168,478
Net book value at 31 December 2014	44,653	-	911,414	956,067

The above intangible assets include the software under construction at cost of the Group and the Bank of RM227,051,575 (2014: RM205,281,166) and RM214,258,102 (2014: RM198,558,353) respectively.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

18 Intangible assets (Continued)

The valuation of customer relationships was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing customer base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8.0%-8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation periods of the intangible assets are as follows:

Customer relationships:	
- credit card	2.5 years
Core deposits	1 years
Computer software	1 – 15 years

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****19 Prepaid lease payments**

	Short term leasehold land RM'000	Total RM'000
The Group		
2015		
Cost		
At 1 January	4,046	4,046
Disposals/write-off	(59)	(59)
Exchange fluctuation	431	431
At 31 December	<u>4,418</u>	<u>4,418</u>
Amortisation		
At 1 January	3,191	3,191
Amortisation during the financial year	206	206
Disposals/write-off	(55)	(55)
Exchange fluctuation	387	387
At 31 December	<u>3,729</u>	<u>3,729</u>
Net book value at 31 December 2015	<u>689</u>	<u>689</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****19 Prepaid lease payments (Continued)**

	Short term leasehold land RM'000	Total RM'000
The Group		
2014		
Cost		
At 1 January	5,359	5,359
Disposals/write-off	(1,628)	(1,628)
Exchange fluctuation	315	315
At 31 December	<u>4,046</u>	<u>4,046</u>
Amortisation		
At 1 January	4,013	4,013
Amortisation during the financial year	289	289
Disposals/write-off	(1,382)	(1,382)
Exchange fluctuation	271	271
At 31 December	<u>3,191</u>	<u>3,191</u>
Net book value at 31 December 2014	<u>855</u>	<u>855</u>

Future amortisation of prepaid land lease is as follows:

	Short term leasehold land	
	31 December 2015 RM'000	31 December 2014 RM'000
The Group		
- Not later than one year	206	289
- Later than one year and not later than five years	483	566
	<u>689</u>	<u>855</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment**

The Group 2015	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		65,740	5,073	1,804	326,812	35,601	65,023	873,258	898,293	112,476	45,566	2,429,646
Additions		-	-	-	1,152	-	3,225	57,488	92,283	5,009	8,490	167,647
Disposals/write-offs		(1,200)	-	-	(12,058)	(446)	(6,410)	(69,046)	(84,800)	(19,282)	(544)	(193,786)
Reclassified from/(to) intangible assets	18	-	-	-	-	-	-	-	3,149	-	(73)	3,076
Exchange fluctuation		6,285	-	-	22,030	2,715	5,652	30,823	25,489	4,498	735	98,227
At 31 December		70,825	5,073	1,804	337,936	37,870	67,490	892,523	934,414	102,701	54,174	2,504,810

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2015	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation and impairment loss											
At 1 January	9,111	2,078	1,004	113,687	20,473	31,586	645,431	675,659	35,889	40,003	1,574,921
Charge for the financial year	-	186	-	4,332	601	5,145	64,230	83,291	37,801	9,242	204,828
Disposals/write-off	(688)	-	-	(3,341)	(259)	(2,689)	(38,537)	(65,816)	(13,717)	(509)	(125,556)
Impairment charged for the financial year	-	-	-	-	-	967	127	-	-	-	1,094
Exchange fluctuation	1,086	-	-	11,383	524	2,945	22,133	20,611	2,833	337	61,852
At 31 December	9,509	2,264	1,004	126,061	21,339	37,954	693,384	713,745	62,806	49,073	1,717,139
Net book value at 31 December 2015	61,316	2,809	800	211,875	16,531	29,536	199,139	220,669	39,895	5,101	787,671

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM66,465,159 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2014	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
As 1 January		67,104	8,101	1,804	322,019	49,560	59,154	854,032	861,372	82,778	44,169	2,350,093
Additions		-	-	-	2,705	-	9,930	77,333	112,835	36,334	2,220	241,357
Disposals/write-offs		(3,472)	-	-	(7,816)	(1,653)	(6,703)	(69,819)	(87,735)	(8,687)	(858)	(186,743)
Reclassified from intangible assets	18	-	-	-	-	-	-	-	710	-	-	710
Reclassified to non-current assets held for sale		(1,273)	(3,028)	-	(1,307)	(12,497)	-	-	-	-	-	(18,105)
Exchange fluctuation		3,381	-	-	11,211	191	2,642	11,712	11,111	2,051	35	42,334
At 31 December		65,740	5,073	1,804	326,812	35,601	65,023	873,258	898,293	112,476	45,566	2,429,646

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2014	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Accumulated depreciation											
At 1 January	8,758	3,107	1,004	111,002	24,012	31,068	607,835	630,024	28,729	38,222	1,483,761
Charge for the financial year	-	201	-	3,957	760	3,900	84,781	77,177	11,404	2,185	184,365
Disposals/write-off	(207)	-	-	(6,705)	(887)	(5,001)	(56,449)	(41,084)	(5,359)	(412)	(116,104)
Reclassified to non-current assets held for sale	-	(1,230)	-	(430)	(3,495)	-	-	-	-	-	(5,155)
Exchange fluctuation	560	-	-	5,863	83	1,619	9,264	9,542	1,115	8	28,054
At 31 December	9,111	2,078	1,004	113,687	20,473	31,586	645,431	675,659	35,889	40,003	1,574,921
Net book value at 31 December 2014	56,629	2,995	800	213,125	15,128	33,437	227,827	222,634	76,587	5,563	854,725

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM25,902,762 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost											
At 1 January	12,999	5,073	1,804	51,953	35,381	18,328	694,549	729,035	75,554	4,975	1,629,651
Additions	-	-	-	1,152	-	-	42,652	85,534	2,314	143	131,795
Disposals/write-off	-	-	-	-	(446)	-	(57,959)	(65,914)	(14,469)	(218)	(139,006)
Exchange fluctuation	-	-	-	711	2,664	-	10,932	5,394	403	735	20,839
At 31 December	12,999	5,073	1,804	53,816	37,599	18,328	690,174	754,049	63,802	5,635	1,643,279
Accumulated depreciation											
At 1 January	-	2,078	1,004	22,544	20,322	8,819	557,402	496,794	16,105	2,481	1,127,549
Charge for the financial year	-	186	-	1,355	595	458	49,252	67,465	30,864	433	150,608
Disposals/write off	-	-	-	-	(259)	-	(32,209)	(47,641)	(10,542)	(184)	(90,835)
Exchange fluctuation	-	-	-	389	487	-	8,059	2,416	288	337	11,976
At 31 December	-	2,264	1,004	24,288	21,145	9,277	582,504	519,034	36,715	3,067	1,199,298
Net book value at 31 December 2015	12,999	2,809	800	29,528	16,454	9,051	107,670	235,015	27,087	2,568	443,981

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM65,799,202 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2014	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Cost											
At 1 January	14,272	8,101	1,804	50,555	47,804	18,328	669,812	701,927	46,274	4,885	1,563,762
Additions	-	-	-	2,705	-	-	64,351	105,640	34,669	913	208,278
Disposals/write-off	-	-	-	-	-	-	(40,821)	(79,904)	(5,449)	(858)	(127,032)
Reclassified to non-current assets held for sale	(1,273)	(3,028)	-	(1,307)	(12,497)	-	-	-	-	-	(18,105)
Exchange fluctuation	-	-	-	-	74	-	1,207	1,372	60	35	2,748
At 31 December	12,999	5,073	1,804	51,953	35,381	18,328	694,549	729,035	75,554	4,975	1,629,651
Accumulated depreciation											
At 1 January	-	3,107	1,004	21,600	23,070	8,361	515,128	466,648	15,101	2,503	1,056,522
Charge for the financial year	-	201	-	1,374	730	458	63,876	62,863	4,668	382	134,552
Disposals/write off	-	-	-	-	-	-	(22,701)	(33,456)	(3,697)	(412)	(60,266)
Reclassified to non-current assets held for sale	-	(1,230)	-	(430)	(3,495)	-	-	-	-	-	(5,155)
Exchange fluctuation	-	-	-	-	17	-	1,099	739	33	8	1,896
At 31 December	-	2,078	1,004	22,544	20,322	8,819	557,402	496,794	16,105	2,481	1,127,549
Net book value at 31 December 2014	12,999	2,995	800	29,409	15,059	9,509	137,147	232,241	59,449	2,494	502,102

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM23,130,538 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****21 Investment properties**

	Buildings on long term leasehold land RM'000	Total RM'000
The Group 2015		
At 1 January/31 December	4,000	4,000
Fair value adjustments	(2,880)	(2,880)
At 31 December	<u>1,120</u>	<u>1,120</u>

	Buildings on long term leasehold land RM'000	Total RM'000
The Group 2014		
At 1 January/31 December	<u>4,000</u>	<u>4,000</u>

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The following amounts have been reflected in the statement of income:

	The Group	
	31 December 2015 RM'000	31 December 2014 RM'000
Rental income	81	81
Operating expenses arising from investment properties that generated the rental income	<u>(11)</u>	<u>(14)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****22 Deposits from customers**

(a) By type of deposit

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Demand deposits	56,241,206	53,904,127	46,218,415	45,491,420
Saving deposits	27,813,773	23,096,321	16,136,409	15,515,443
Fixed deposits	112,671,562	92,411,506	91,831,490	71,697,746
Negotiable instruments of deposit	1,677,753	3,507,324	925,569	979,361
Others	64,897,970	62,347,876	43,161,765	40,636,597
	263,302,264	235,267,154	198,273,648	174,320,567

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

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Due within six months	89,104,626	75,053,581	71,310,073	58,206,017
Six months to less than one year	23,006,900	17,111,437	19,476,095	12,760,658
One year to less than three years	1,282,268	2,719,683	1,016,261	676,738
Three years to less than five years	422,101	402,914	421,210	402,479
Five years and more	533,420	631,215	533,420	631,215
	114,349,315	95,918,830	92,757,059	72,677,107

(b) By type of customer

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Government and statutory bodies	9,251,880	9,587,328	5,789,913	5,826,576
Business enterprises	112,398,694	99,468,496	87,472,417	76,420,167
Individuals	88,139,619	78,603,149	66,842,244	60,088,610
Others	53,512,071	47,608,181	38,169,074	31,985,214
	263,302,264	235,267,154	198,273,648	174,320,567

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****23 Placements from investments accounts**

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Unrestricted investment accounts	55(o)	<u>232,716</u>	-	-	-
		<u>232,716</u>	-	-	-

24 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Licensed banks	16,052,227	27,451,929	15,832,310	28,733,819
Licensed finance companies	1,246,197	796,797	63,746	63,257
Licensed investment banks	1,174,121	776,499	1,000,776	575,378
Bank Negara Malaysia	165,547	491,349	6,521	461,965
Other financial institutions	3,424,660	1,900,748	3,272,958	1,703,884
	<u>22,062,752</u>	<u>31,417,322</u>	<u>20,176,311</u>	<u>31,538,303</u>

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

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Due within six months	16,851,369	28,525,411	15,271,019	28,657,143
Six months to less than one year	3,898,766	1,970,780	3,593,434	1,960,357
One year to less than three years	918,094	392,596	917,335	392,268
Three years to less than five years	102,585	306,247	102,585	306,247
Five years and more	291,938	222,288	291,938	222,288
	<u>22,062,752</u>	<u>31,417,322</u>	<u>20,176,311</u>	<u>31,538,303</u>

The Group and the Bank have undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM132,117,000 and RM100,000,000 respectively (31 December 2014: RM128,697,000 and RM100,000,000 respectively) using interest rate swaps.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****25 Financial liabilities designated at fair value**

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Deposits from customers - structured investments	3,047,985	2,876,227	2,848,922	2,726,392
Debentures	980,203	402,839	-	-
Bills payable	924,583	411,635	-	-
	<u>4,952,771</u>	<u>3,690,701</u>	<u>2,848,922</u>	<u>2,726,392</u>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 December 2015 were RM567,569,000 (2014: RM403,475,000) and RM558,988,000 (2014: RM394,924,000) respectively lower than the contractual amount at maturity for the structured investments, RM18,606,000 lower (2014: RM3,610,000 higher) than the contractual amount at maturity for the debentures and RM131,549,000 (2014: RM78,436,000) 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.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies****(a) Derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
At 31 December 2015	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	22,134,841	509,183	(1,028,156)	15,633,172	393,432	(937,129)
Currency swaps	166,930,777	2,547,427	(1,945,760)	75,596,912	1,287,728	(1,029,094)
Currency spots	3,542,420	3,855	(5,988)	2,578,023	3,463	(5,598)
Currency options	6,777,423	298,638	(319,001)	6,032,715	274,414	(304,894)
Cross currency interest rate swaps	60,910,422	4,664,451	(5,208,347)	31,819,711	3,915,753	(3,999,032)
	260,295,883	8,023,554	(8,507,252)	131,660,533	5,874,790	(6,275,747)
Interest rate derivatives						
Interest rate swaps						
Interest rate swaps	449,231,362	2,236,017	(1,635,294)	338,227,919	1,640,599	(1,221,985)
Interest rate futures	7,282,871	2,673	(5,102)	7,282,871	2,673	(5,102)
Interest rate options	216,491	413	(2,213)	228,386	906	(2,213)
	456,730,724	2,239,103	(1,642,609)	345,739,176	1,644,178	(1,229,300)
Equity related derivatives						
Equity swaps						
Equity swaps	683,337	2,867	(14,342)	683,337	2,867	(14,342)
Equity options	9,559,091	110,741	(265,215)	9,559,091	110,741	(265,215)
Equity futures	146,909	599	(626)	146,909	599	(626)
	10,389,337	114,207	(280,183)	10,389,337	114,207	(280,183)
Commodity related derivatives						
Commodity swaps						
Commodity swaps	1,723,092	514,368	(452,384)	1,702,943	514,254	(452,273)
Commodity futures	732,519	7,654	(60,371)	732,519	7,654	(60,371)
Commodity options	2,456,170	300,145	(227,970)	2,463,477	300,145	(228,002)
	4,911,781	822,167	(740,725)	4,898,939	822,053	(740,646)
Credit related contract						
Credit default swaps						
Credit default swaps	7,787,594	89,670	(85,558)	7,787,594	89,670	(85,558)
Total Return Swaps	2,841,299	12,080	(18,480)	2,791,079	11,854	(18,254)
	10,628,893	101,750	(104,038)	10,578,673	101,524	(103,812)
Bond Forward	30,000	1,204	-	30,000	1,204	-
<u>Hedging derivatives</u>						
Currency swaps	2,797,900	9,079	(52,481)	2,797,900	9,079	(52,481)
Cross currency interest rate swaps	4,655,247	92,976	(303,978)	3,721,296	54,937	(166,275)
Interest rate swaps	28,588,642	59,922	(249,268)	32,672,607	186,643	(249,490)
Total derivatives assets/(liabilities)	779,028,407	11,463,962	(11,880,534)	542,488,461	8,808,615	(9,097,934)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)**

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
	RM'000	Assets	Liabilities	RM'000	Assets	Liabilities
At 31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	19,274,828	353,364	(362,586)	15,812,299	301,706	(356,894)
Currency swaps	139,638,887	1,297,629	(1,280,285)	83,896,785	1,029,484	(1,025,419)
Currency spots	5,832,872	2,832	(9,310)	5,643,204	2,757	(9,254)
Currency options	4,808,447	47,694	(42,246)	4,118,056	35,900	(35,717)
Cross currency interest rate swaps	42,259,125	1,448,815	(1,528,147)	28,093,113	1,329,679	(1,289,951)
	211,814,159	3,150,334	(3,222,574)	137,563,457	2,699,526	(2,717,235)
Interest rate derivatives						
Interest rate swaps	332,464,741	2,082,528	(1,718,398)	263,420,855	1,495,525	(1,257,086)
Interest rate futures	1,640,898	2,097	(180)	1,640,898	2,097	(180)
Interest rate options	456,064	1,222	(7,665)	466,693	1,593	(7,665)
	334,561,703	2,085,847	(1,726,243)	265,528,446	1,499,215	(1,264,931)
Equity related derivatives						
Equity swaps	1,070,726	105,165	(28,543)	1,070,726	105,165	(28,543)
Equity options	7,107,834	233,718	(955,334)	6,761,459	223,594	(945,208)
Equity futures	1,367,538	8,795	(14,647)	1,367,538	8,795	(14,647)
	9,546,098	347,678	(998,524)	9,199,723	337,554	(988,398)
Commodity related derivatives						
Commodity swaps	2,557,153	1,020,245	(1,014,696)	2,557,153	1,020,245	(1,014,696)
Commodity futures	10,656	34	(219)	10,656	34	(219)
Commodity options	491,457	111,059	(22,838)	491,457	111,059	(22,838)
	3,059,266	1,131,338	(1,037,753)	3,059,266	1,131,338	(1,037,753)
Credit related contract						
Credit default swaps	5,588,460	58,511	(65,425)	5,588,460	58,511	(65,425)
Total Return Swaps	846,335	12,382	(25,940)	787,395	12,083	(25,642)
	6,434,795	70,893	(91,365)	6,375,855	70,594	(91,067)
<u>Hedging derivatives</u>						
Currency swaps	5,054,261	36,426	(141,369)	5,054,261	36,426	(141,369)
Cross currency interest rate swaps	3,483,814	19,806	(79,533)	3,048,869	19,806	(70,145)
Interest rate swaps	21,394,899	89,049	(261,438)	28,250,295	204,750	(290,911)
Total derivatives assets/(liabilities)	595,348,995	6,931,371	(7,558,799)	458,080,172	5,999,209	(6,601,809)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)****Fair value hedge**

Fair value hedges are used by the Group and the Bank to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates and foreign exchange rates. The Group and the Bank use interest rate swaps and cross-currency interest rate swaps to hedge against interest rate risk and foreign exchange risk of loans, senior bonds issued, subordinated obligations, negotiable instruments of deposits issued, bills and acceptances payable and bonds. For designated and qualifying fair value hedges, the changes in fair value of derivative and item in relation to the hedged risk are recognised in the statement of income. If the hedge relationship is terminated, the cumulative adjustment to the carrying amount of the hedged item is amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognised, in which case, it is released to the statement of income immediately.

Included in the net non-interest income is the net gains/(losses) arising from fair value hedges during the financial year as follow:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Gain/(loss) on hedging instruments	304,445	(40,393)	359,259	(23,633)
(Loss)/gain on the hedged items attributable to the hedged risk	(290,975)	36,626	(343,168)	20,430

Net investment hedge

Currency swaps and non-derivative financial liabilities are used to hedge the Group's and the Bank's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the currency swaps are transferred to equity to offset against any gains or losses on translation of the net investment in foreign operations. The fair value changes of the hedging instruments attributable to the risk not designated as hedged in the hedging relationship was recognised in the statement of income during the financial year for the Group and the Bank of RM45,493,315 (2014: Group and Bank of RM42,526,711). No amounts were withdrawn from equity during the financial year as there were no disposal of net investment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)****Cash flow hedge**

Cash flow hedges are used by the Group and the Bank to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group and the Bank hedge cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2012, the Group and the Bank have ceased cash flow hedge accounting with cumulative gain of RM35,675 (2014: RM84,204) remaining in equity as at 31 December 2015.

The Group and the Bank also hedge financial investment available-for-sale, senior bond and debentures issued and interbranch lending against foreign exchange and interest rate risks by using cross currency interest rate swaps. The notional amount of the outstanding cross currency interest rate swaps as at 31 December 2015 for the Group and the Bank were RM3,497,544,382 and RM3,022,619,961 (2014: RM2,738,683,057 and RM2,314,332,810) respectively. Gains and losses of cross currency interest rate swaps recognised in the hedging reserve will be reclassified from equity to statement of income when the hedged cash flows affect profit or loss. Total gains of RM194,843 of the Group and the Bank (2014: loss of RM116,689) were recognised in the statement of income for the financial year ended 31 December 2015 due to hedge ineffectiveness from cash flow hedges.

Table below shows the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss:

As at 31 December 2015	The Group				
	Up to 1	> 1-3	> 3-6	> 6-12	> 1-5
	month	months	months	months	years
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash inflows (assets)	239,585	204,929	149,151	1,008,967	1,427,818
Cash outflows (liabilities)	(11,321)	(1,023)	(153,265)	(430,681)	(468,442)
Net cash inflows/(outflows)	<u>228,264</u>	<u>203,906</u>	<u>(4,114)</u>	<u>578,286</u>	<u>959,376</u>

	The Bank				
	Up to 1	> 1-3	> 3-6	> 6-12	> 1-5
	month	months	months	months	years
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash inflows (assets)	239,585	204,929	149,151	1,008,967	1,427,818
Cash outflows (liabilities)	-	(1,023)	(142,067)	(430,681)	-
Net cash inflows	<u>239,585</u>	<u>203,906</u>	<u>7,084</u>	<u>578,286</u>	<u>1,427,818</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)****Cash flow hedge (continued)**

As at 31 December 2014	The Group				
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000
Cash inflows (assets)	1,152	8,202	6,819	75,067	2,255,427
Cash outflows (liabilities)	(11,312)	(813)	(12,164)	(1,886)	(844,509)
Net cash (outflows)/inflows	<u>(10,160)</u>	<u>7,389</u>	<u>(5,345)</u>	<u>73,181</u>	<u>1,410,918</u>

	The Bank				
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000
Cash inflows (assets)	1,152	8,202	6,819	75,067	2,255,427
Cash outflows (liabilities)	-	(813)	(1,037)	(1,886)	(353,931)
Net cash inflows	<u>1,152</u>	<u>7,389</u>	<u>5,782</u>	<u>73,181</u>	<u>1,901,496</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(b) Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related 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.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
<u>Credit-related</u>				
Direct credit substitutes	3,790,900	3,030,141	3,606,342	2,882,929
Transaction-related contingent items	4,799,716	4,641,921	3,203,646	3,388,757
Short-term self-liquidating trade-related contingencies	8,525,630	6,013,684	7,928,718	5,487,561
Obligations under underwriting agreement	-	140,000	-	140,000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	42,988,381	47,176,313	36,678,554	41,875,477
- maturity exceeding one year	22,156,647	23,742,050	19,681,552	21,369,075
Miscellaneous commitments and contingencies	4,128,120	3,431,821	2,853,674	2,657,972
Total credit-related commitments and contingencies	86,389,394	88,175,930	73,952,486	77,801,771

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****26 Derivative financial instruments, commitments and contingencies (continued)****(b) Commitments and contingencies (Continued)**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	210,636,232	179,194,315	101,915,234	115,440,257
- one year to five years	46,421,842	33,042,178	29,466,645	24,366,195
- more than five years	10,690,956	8,115,741	6,797,850	5,860,135
	267,749,030	220,352,234	138,179,729	145,666,587
Interest rate related contracts :				
- less than one year	204,607,635	121,560,683	154,794,412	94,452,030
- one year to five years	232,598,191	193,990,442	188,658,808	162,844,011
- more than five years	48,113,540	40,405,477	34,958,563	36,482,700
	485,319,366	355,956,602	378,411,783	293,778,741
Equity related contracts:				
- less than one year	3,049,197	5,660,695	3,049,197	5,557,684
- one year to five years	6,603,384	2,974,164	6,603,384	2,829,877
- more than five years	736,756	911,239	736,756	812,162
	10,389,337	9,546,098	10,389,337	9,199,723
Credit related contracts :				
- less than one year	5,933,342	1,513,699	5,933,342	1,513,699
- one year to five years	4,198,809	3,788,047	4,198,809	3,788,047
- more than five years	496,742	1,133,049	446,522	1,074,109
	10,628,893	6,434,795	10,578,673	6,375,855
Commodity related contracts:				
- less than one year	4,540,275	2,525,184	4,527,433	2,525,184
- one year to five years	371,506	534,082	371,506	534,082
	4,911,781	3,059,266	4,898,939	3,059,266
Bond Forward:				
- more than five years	30,000	-	30,000	-
	30,000	-	30,000	-
Total treasury-related commitments and contingencies				
	779,028,407	595,348,995	542,488,461	458,080,172
	865,417,801	683,524,925	616,440,947	535,881,943

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****27 Other liabilities**

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Due to brokers and clients		-	56,856	-	56,856
Accrued employee benefits	(a)	25,305	22,361	18,560	18,697
Post employment benefit obligations	(b)	194,679	159,446	27,565	26,952
Sundry creditors		888,078	989,616	759,619	972,197
Expenditure payable		1,327,984	1,221,971	1,077,717	963,560
Collateral for securities borrowing		669,469	-	669,469	-
Allowance for commitments and contingencies	(c)	9,219	6,182	3,238	2,704
Provision for legal claims		60,974	71,135	43,179	54,533
Credit card expenditure payable		125,660	108,618	125,660	108,618
Call deposit borrowing		3,161,566	1,042,645	2,655,454	898,765
Others		399,914	465,754	207,245	334,342
		6,862,848	4,144,584	5,587,706	3,437,224

(a) Accrued employee benefits

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

(b) Post employment benefit obligations

		The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Defined contribution plan – EPF	(i)	27,565	26,952	27,565	26,952
Defined benefit plans	(ii)	167,114	132,494	-	-
		194,679	159,446	27,565	26,952

(i) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

27 Other liabilities (Continued)

(b) Post employment benefit obligations (continued)

(ii) Defined benefit plans

CIMB Thai Bank operate final salary defined benefit plans for employees. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2015.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	The Group	
	31 December	31 December
	2015	2014
	RM'000	RM'000
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Status of funded plan	-	-
Present value of unfunded obligations	167,114	132,494
Liability	167,114	132,494

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (continued)****(ii) Defined benefit plans (continued)**

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	The Group	
	31 December 2015 RM'000	31 December 2014 RM'000
Service cost:		
Current service costs	12,368	9,701
Net interest expense	4,651	4,745
Components of defined benefits costs recognised in statements of income	17,019	14,446
Remeasurement:		
- Actuarial losses/(gains):		
- from changes in financial assumptions	6,700	8,047
- Experience adjustments	5,510	(722)
Components of defined benefits costs recognised in statements of comprehensive income	12,210	7,325
	29,229	21,771

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans (continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	132,494	110,130	-	370
Current services costs	12,368	9,701	-	-
Interest costs	4,651	4,745	-	-
	149,513	124,576	-	370
Remeasurement:				
- Actuarial losses/(gains):				
- from changes in financial assumptions	6,700	8,047	-	-
- Experience adjustments	5,510	(722)	-	-
	12,210	7,325	-	-
Exchange fluctuation	16,589	8,223	-	-
Benefits paid	(11,198)	(7,630)	-	(370)
At 31 December	167,114	132,494	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans (continued)**

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	The Group	
	31 December 2015	31 December 2014
	%	%
Discount rates	2.75	3.25
Future salary increases	5.00	5.00
Rate of price inflation - other fixed allowance	2.50	2.50

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rates	0.5%	Decreased by 4.21%	Increased by 4.51%
Future salary increases	1.0%	Increased by 9.68%	Decreased by 8.58%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post employment benefits plan for the financial year ended 31 December 2016 to the Group is RM10,643,000 (2015: RM3,280,000).

The weighted average duration of the defined benefit obligation of the Group is 10 years.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****27 Other liabilities (Continued)****(c) Allowances for commitments and contingencies**

Movement in the allowances for commitments and contingencies are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	6,182	13,824	2,704	2,492
Allowance made/(written back) during the financial year	534	(8,943)	534	212
Exchange fluctuation	2,503	1,301	-	-
At 31 December	9,219	6,182	3,238	2,704

28 Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Bank and its wholly-owned subsidiary, CIMB Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****29 Bonds and debentures**

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
HKD462 million notes	(a)	260,164	211,805	260,164	211,804
USD350 million notes	(b)	1,515,034	1,232,459	1,515,034	1,232,459
Structured debentures	(c)	1,187	33,234	-	-
Short term debentures	(d)	2,791,235	1,559,370	-	-
HKD171 million notes	(e)	66,843	66,785	66,843	66,785
HKD430 million notes	(f)	167,900	167,790	167,900	167,790
USD45 million notes	(g)	-	157,603	-	157,603
HKD350 million notes	(h)	140,024	140,000	140,024	140,000
SGD20 million notes	(i)	61,095	53,074	61,095	53,074
USD20 million notes	(j)	86,085	70,099	86,085	70,099
RM500 million bonds	(k)	500,161	500,121	-	-
HKD775 million notes	(l)	429,634	349,706	429,634	349,706
HKD950 million notes	(m)	396,006	395,946	396,006	395,946
HKD300 million notes	(n)	129,209	128,678	129,209	128,678
HKD150 million notes	(o)	83,307	67,813	83,307	67,813
AUD100 million notes	(p)	291,921	291,465	291,921	291,465
HKD1,130 million notes	(q)	550,562	498,695	550,562	498,695
USD313 million notes	(r)	1,383,349	-	1,383,349	-
EUR30 million notes	(s)	140,736	-	140,736	-
SGD100 million notes	(t)	304,105	-	304,105	-
CNY220 million notes	(u)	137,445	-	137,445	-
		9,436,002	5,924,643	6,143,419	3,831,918
Fair value changes arising from fair value hedges		432,653	89,828	432,653	89,828
		9,868,655	6,014,471	6,576,072	3,921,746

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(a) HKD462 million notes

On 8 May 2012, the Bank, acting through its Labuan Offshore Branch, issued a HKD462 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD462 million notes using cross currency interest rate swaps.

(b) USD350 million notes

On 26 July 2012, the Bank issued a USD350 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 26 July 2017. It bears a coupon rate of 2.375% per annum payable semi-annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the USD350 million notes using interest rate swaps.

(c) Structured debentures

CIMB Thai Bank issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature within 6 months from the respective issuance dates. It bears variable interest rates, depending on the underlying foreign exchange rates movements, payable at respective maturity dates.

(d) Short term debentures

CIMB Thai Bank issued various unsecured short term debentures with maturity dates of the short term debentures varying from 2 months to 6 months. The debentures carry fixed interest rates of 1.55% to 1.90%, payable at respective maturity dates.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(e) HKD171 million notes

On 22 January 2013, the Bank issued HKD171 million 5-year senior unsecured fixed rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 January 2018. It bears a coupon rate of 1.60% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD171 million notes using cross currency interest rate swaps.

(f) HKD430 million notes

On 22 January 2013, the Bank issued HKD430 million 3-year senior unsecured fixed rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 January 2016. It bears a coupon rate of 1.20% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD430 million notes using cross currency interest rate swaps.

In January 2016, the Bank has redeemed its HKD430 million senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(g) USD45 million notes

On 29 January 2013, the Bank issued 2-year USD45 million senior unsecured floating rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on the interest payment date falling in or nearest to January 2015. The coupon rate is calculated based on the 3 month U.S.\$ LIBOR plus a margin of 0.70% per annum and coupon is payable quarterly in arrears.

In January 2015, the Bank has redeemed its USD45 million senior unsecured floating rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(h) HKD350 million notes

On 14 March 2013, the Bank issued HKD350 million 3-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 14 March 2016 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 1.09% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD350 million notes using cross currency interest rate swaps.

(i) SGD20 million notes

On 22 March 2013, the Bank, acting through its Singapore Branch, issued SGD20 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 22 March 2018 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 1.67% per annum payable semi-annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the SGD20 million notes using interest rate swaps.

(j) USD20 million notes

On 8 April 2013, the Bank, acting through its Labuan Offshore Branch, issued USD20 million 3-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 April 2016. It bears a floating coupon rate of 3 month U.S.\$ LIBOR plus 79 basis points per annum payable quarterly in arrears.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(k) RM500 million bonds

In 2011, the Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to the Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

The RM500 million funding received by the Bank from MKB is recognised under other assets, being the net amounts receivable from MKB from the waterfall report over the RM500 million funding. At the Group level, due to the consolidation of MKB, the RM500 million funding is eliminated and reclassified under bonds.

1st tranche of RM180 million is raised for an effective interest rate of 2.85% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

2nd tranche of RM320 million is raised for an effective interest rate of 3.00% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

(l) HKD775 million notes

On 29 August 2013, the Bank issued HKD775 million nominal value 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 29 August 2016 (subject to adjustment in accordance with the modified following business convention). It bears a floating coupon rate of 3 month HIBOR plus 56 basis points per annum payable quarterly in arrears.

The Bank has undertaken cash flow hedge on the HKD775 million notes against foreign exchange risk.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(m) HKD950 million notes

On 20 December 2013, the Bank issued HKD950 million nominal value 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 20 December 2016. It bears a fixed coupon rate of 1.45% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD950 million notes using cross currency interest rate swaps.

(n) HKD300 million notes

On 14 May 2014, the Bank issued HKD300 million 5-year senior unsecured fixed rate notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 14 May 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.70% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HK300 million notes using cross currency interest rate swaps.

(o) HKD150 million notes

On 21 August 2014, the Bank issued HKD150 million 5-year senior unsecured fixed rate notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 21 August 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.47% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD150 million notes using interest rate swaps.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(p) AUD100 million notes

On 25 September 2014, the Bank issued AUD100 million 5-year senior fixed rate notes under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the AUD100 million notes using cross currency interest rate swaps.

(q) HKD1,130 million notes

On 20 November 2014, the Bank issued HKD1,130 million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 12 November 2019 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 2.46% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD500 million notes using interest rate swaps.

The Bank has also undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD630 million notes using cross currency interest rate swaps.

(r) USD313 million notes

On 5 May 2015, CIMB Bank Berhad issued USD313 million 30-years callable zero coupon 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 5 May 2045, and are callable from 5 May 2020 and every two years thereafter up to 5 May 2044. The Notes have a yield to maturity of 4.50% per annum.

The Bank has undertaken fair value hedge on the interest rate risk of the USD313 million notes using interest rate swaps.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

29 Bonds and debentures (Continued)

(s) EUR30 million notes

On 12 May 2015, CIMB Bank Berhad issued EUR30 million 1-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 12 May 2016 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3 months EURIBOR + 0.15 % per annum payable quarterly.

(t) SGD100 million notes

On 30 June 2015, CIMB Bank Berhad, acting through its Singapore branch, issued SGD100 million 3-year senior fixed rate notes (the “Notes”) under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 30 June 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 2.12% per annum payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate risk of the SGD100 million notes using interest rate swaps.

(u) CNY220 million notes

On 6 August 2015, CIMB Bank Berhad issued CNY220 million 3-year senior fixed rate notes (the “Notes”) under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 6 August 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.25% per annum payable annually.

The Bank has also undertaken fair value hedge on the interest rate risk and foreign exchange risk of the CNY220 million notes using cross currency interest rate swaps.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****30 Other borrowings**

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Term loans	<u>2,752,792</u>	<u>2,730,742</u>	<u>2,752,792</u>	<u>2,730,742</u>
	2,752,792	2,730,742	2,752,792	2,730,742

These loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 30 December 2016 being the earliest to mature and 29 March 2019 being the longest to mature. Interest rates charged are between 1.12% to 1.31% per annum.

31 Subordinated obligations

	Note	The Group		The Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Subordinated loans - USD200 million	(a)	-	-	-	705,988
Subordinated bonds - RM1.0 billion	(b)	1,015,786	1,015,786	1,015,786	1,015,786
Subordinated bonds - RM1.0 billion	(c)	1,000,789	1,001,184	1,000,789	1,001,184
Subordinated notes - THB544 million	(d)	64,770	57,873	-	-
Subordinated Sukuk - RM850 million	(e)	859,186	855,697	-	-
Subordinated debts - RM1 billion	(f)	-	1,001,060	-	1,001,060
Subordinated debts - RM1 billion	(f)	1,019,458	1,022,606	1,019,458	1,022,606
Subordinated debts - RM1.5 billion	(g)	1,524,885	1,525,231	1,524,885	1,525,231
Subordinated notes - THB3 billion	(h)	365,802	326,848	-	-
Subordinated debts - RM1.5 billion	(i)	1,505,458	1,505,799	1,505,458	1,505,799
Subordinated notes - THB3 billion	(j)	359,345	321,079	-	-
Subordinated debts - RM3.05 billion	(k)	3,061,784	1,057,601	3,061,784	1,057,601
Subordinated notes - RM 400 million	(l)	406,703	411,640	-	-
		<u>11,183,966</u>	<u>10,102,404</u>	<u>9,128,160</u>	<u>8,835,255</u>
Fair value changes arising from fair value hedges		<u>(14,362)</u>	<u>(33,795)</u>	<u>(11,093)</u>	<u>(1,979)</u>
		11,169,604	10,068,609	9,117,067	8,833,276

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (a) The USD200 million 6.62% subordinated loans of the Bank were obtained from SBB Capital Corporation (“SCC”) from the net proceeds that SCC raised through the issuance of SCC’s USD 200 million 6.62% Non-Cumulative Guaranteed Preference Shares (“Preference Shares”). The loans bear interest at a rate of 6.62% per annum payable semi-annually in arrears on 2 May and 2 November up to and including 2 November 2015. Thereafter, interest will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November. The subordinated loans will mature on 2 November 2055. The USD200 million subordinated loans qualify as Tier-1 Capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

The Bank has undertaken fair value hedge on the interest rate risk of the USD200 million subordinated loans using interest rate swaps.

On 2 November 2015, the Bank has fully settled its USD200 million subordinated loan to SCC in connection and concurrent with the redemption of SCC’s Preference Shares on the First optional Redemption Date of 2 November 2015 and accordingly terminated the fair value hedge.

- (b) The RM1.0 billion subordinated bonds (“the RM1.0 billion Bonds”) were issued at par on 7 October 2008 under the Innovative Tier-1 Capital Securities Programme which was approved by the Securities Commission on 24 September 2008. The RM1.0 billion Bonds are due on 7 October 2038 and callable with step-up interest on 7 October 2018. The bonds bear an interest rate of 6.7% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 3-month KLIBOR plus 2.98%.

The Bank may at its option, subject to the prior approval of BNM, redeem the RM1.0 billion subordinated bonds in whole but not in part, on 7 October 2018 or any interest payment date thereafter, at their principal amount plus accrued interest.

The RM1.0 billion Bonds qualify as Tier I Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

(c) The RM1.0 billion subordinated bonds (“the Bonds”) is part of the Non-Innovative Tier 1 Stapled Securities Issuance Programme which was approved by the Securities Commission on 17 December 2008. Under the programme, the Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:

- (i) Non-Cumulative Perpetual Capital Securities issued by the Bank; and
- (ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of the Bank

The Bonds under the first issuance were issued at par on 26 December 2008 and are due on 26 December 2058, with optional redemption on 26 December 2018 or any distribution payment date thereafter. The Bonds bear an interest rate of 7.2% per annum payable semi-annually in arrears.

Subject to the prior approval of BNM, the Bank shall redeem the RM1.0 billion subordinated bonds in whole but not in part, on 26 December 2018 or any distribution payment date thereafter, at their principal amount plus accrued interest.

The Bonds qualify as Tier I Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

The Bank has undertaken fair value hedge on the interest rate risk amounting to RM800 million of the RM1.0 billion Bonds using interest rate swaps.

CIMB Bank Berhad

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (d) The THB544 million subordinated notes (“the THB544 million Notes”) represent the promissory notes previously issued by few financial institutions which had been transferred to CIMB Thai Bank after the series of merger.
- (e) The RM850 million unsecured subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme by the Bank’s direct subsidiary, CIMB Islamic which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

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

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

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM250 million subordinated sukuk using Islamic profit rate swaps.

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

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM300 million subordinated sukuk using Islamic profit rate swaps.

The RM850 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of CIMB Islamic (subject to the gradual phase-out treatment under Basel III).

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (f) The Bank has on 23 December 2010 completed the issuance of unsecured RM2.0 billion Subordinated Debt.

The RM2.0 billion Subordinated Debt issuance was issued under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“10 years tranche”), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“15 years tranche”). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia’s approval.

The coupon rate for the Subordinated Debt is 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

The RM2.0 billion subordinated debts qualify as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

On 23 December 2015, CIMB Bank redeemed in full the RM1.0 billion 10 years tranche Subordinated Debt on its first optional redemption date of 23 December 2015.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (g) The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

The RM1.5 billion Subordinated Debt issuance was the second issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“Tranche 1”), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“Tranche 2”). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia’s approval.

The coupon rate for the Subordinated Debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion and RM150 million subordinated debts using interest rate swaps.

- (h) On 14 July 2011, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 3,000,000 units unsecured 10-year subordinated notes (“the THB3 billion Notes”). The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January.

The THB3 billion Notes will mature on 14 July 2021. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (i) The Bank has on 30 November 2012 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

The RM1.5 billion Subordinated Debt issuance was the third issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued as a single tranche of RM1.5 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter. Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.15% per annum. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank's working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

During the financial year, the Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debts using interest rate swaps.

- (j) On 9 November 2012, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 3,000,000 units unsecured 10-year subordinated notes. The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 4.80% per annum payable semi annually on 9 November and 9 May.

The THB3 billion Notes will mature on 9 November 2022. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

31 Subordinated obligations (Continued)

- (k) On 1 August 2013 the Bank has successfully set up a Basel III Compliant Tier 2 Subordinated Debt Issuance Programme of up to RM10.0 billion in nominal value ("Basel III Subordinated Debt Programme"). The Basel III Subordinated Debt Programme was approved by the Securities Commission on 10 June 2013.

The Bank has on 13 September 2013 completed the inaugural issuance of a RM750 million Subordinated Debt under the Basel III Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM750 million tranche at 4.80% per annum with a maturity of 10 years non-callable at the end of year 5.

The Bank has on 16 October 2013 completed the second issuance of a RM300 million Subordinated Debt under the Basel III Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM300 million at 4.77% per annum with a maturity of 10 years non-callable at the end of year 5.

The Bank has on 23 December 2015 completed the third issuance of a RM2.0 billion Subordinated Debt under the Basel III Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM2.0 billion at 5.15% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the Subordinated Debts on the call dates shall be subject to Bank Negara Malaysia ("BNM")'s approval. There is no step up coupon after call dates. The proceeds of the Subordinated Debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM3.05 billion Subordinated Debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework (Capital Components). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

During the financial year, the Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts using interest rate swaps.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****31 Subordinated obligations (Continued)**

- (1) On 7 July 2014, CIMB Thai Bank issued RM400 million 10-years non callable 5 years Basel 3 compliant Tier 2 subordinated notes ("RM400 million Notes") to their overseas investors. The RM400 million Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

The RM400 million Notes will mature on 5 July 2024. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai Bank has an approval from Bank of Thailand to classify the RM400 million Notes as Tier II capital according to the correspondence For Kor Kor. (02) 453/2557.

32 Redeemable preference shares

(a)

	The Group	
	2015	2014
	RM'000	RM'000
Authorised		
Redeemable preference shares of USD0.01 each		
At 1 January/31 December	-	8
	<hr/>	<hr/>
	The Group	
	31 December	31 December
	2015	2014
	RM'000	RM'000
Issued and fully paid		
Redeemable preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	-	728,250
	<hr/>	<hr/>

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation ("SCC"), a wholly owned subsidiary of the Bank incorporated in Labuan. The main features of the SCC Preference Shares are as follows:

- (i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

32 Redeemable preference shares (Continued)

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) of nominal value RM0.01 each to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****33 Ordinary share capital**

	The Group and The Bank	
	2015	2014
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	7,000,000	7,000,000
	4,787,023	4,131,410
Issue of shares from rights issue	361,061	655,613
At 31 December	5,148,084	4,787,023

On 29 April 2015, CIMB Group successfully completed its fifth Dividend Reinvestment Scheme (“DRS”) of which approximately RM364 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM546 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 43.69 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 9 June 2015. The rights issue was completed on 26 June 2015 with issuance of 110 million units of new CIMB Bank shares.

On 26 October 2015, CIMB Group successfully completed its sixth DRS of which approximately RM171 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS amounting to RM584 million and an additional equity injection of RM696 million via the rights issue into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 19.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 23 November 2015. The rights issue was completed on 23 December 2015 with issuance of 251 million units of new CIMB Bank shares.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

35 Reserves

- (a) The statutory reserve is maintained in compliance with BNM guidelines and is not distributable as cash dividends.
- (b) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (c) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.
- (d) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****35 Reserves (Continued)**

- (e) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (f) Hedging reserve mainly arise from net investment hedge activities undertaken by the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. Included in hedging reserve are cash flow hedge undertaken by the Group and the Bank to hedge held-to-maturity debt securities against foreign exchange risk using currency swaps, which were subsequently terminated by the Bank with cumulative gain of RM35,675 (2014: RM84,204) remaining in equity. The Group and the Bank have also entered into cash flow hedges on financial investment available-for-sale, senior bond issued and interbranch lending.
- (g) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2010.
- (h) Share-based payment reserve arose from Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.
- (i) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.
- (j) Share premium

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Relating to				
- Ordinary shares				
At 1 January	8,898,945	6,402,610	8,898,945	6,402,610
Issued during the financial year	1,464,684	2,496,335	1,464,684	2,496,335
At 31 December	10,363,629	8,898,945	10,363,629	8,898,945

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****36 Interest income**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and advances				
- interest income	9,152,702	7,980,123	7,570,916	6,658,327
- unwinding income [^]	40,284	46,539	37,566	47,410
Money at call and deposits with financial institutions	359,193	367,482	491,665	493,138
Reverse repurchase agreements	119,942	124,022	118,791	112,266
Financial assets held for trading	372,353	436,190	347,025	415,690
Financial investments available-for- sale	1,010,690	903,558	905,776	831,697
Financial investments held-to-maturity	704,531	560,371	616,538	486,855
Others	52	939	136	939
	11,759,747	10,419,224	10,088,413	9,046,322
Net accretion of discount less amortisation of premium	(42,151)	10,973	2,313	24,251
	11,717,596	10,430,197	10,090,726	9,070,573

[^] Unwinding income is interest income earned on impaired financial assets**37 Interest expense**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits and placements of banks and other financial institutions	391,875	259,413	362,860	312,448
Deposits from customers	3,881,915	3,367,995	3,428,112	2,920,282
Repurchase agreements	184,840	64,104	176,029	51,028
Financial liabilities designated at fair value	124,505	106,235	98,623	86,772
Negotiable certificates of deposits	181,282	118,187	177,425	109,734
Recourse obligation on loan and financing sold to Cagamas	5,591	-	5,591	-
Redeemable preference shares	43,113	46,294	-	-
Bonds and debentures	172,804	121,041	123,987	59,682
Subordinated obligations	437,964	388,226	418,741	402,523
Other borrowings	33,599	47,028	45,966	45,386
	5,457,488	4,518,523	4,837,334	3,987,855

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****38 Net non-interest income**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net fee and commission income				
Commissions	342,389	311,754	280,374	268,550
Fee on loans and advances	508,112	482,686	503,768	480,003
Service charges and fees	496,509	491,128	432,577	421,661
Guarantee fees	67,680	75,394	55,032	63,660
Other fee income	254,017	233,425	193,905	174,453
Fee and commission income	1,668,707	1,594,387	1,465,656	1,408,327
Fee and commission expense	(405,481)	(381,426)	(369,688)	(347,370)
Net fee and commission income	1,263,226	1,212,961	1,095,968	1,060,957
Gross dividend income from:				
<u>In Malaysia</u>				
Subsidiaries	-	-	30,885	182,086
Financial assets held for trading	50,879	58,135	50,879	58,135
Financial investments available-for-sale	11,863	9,990	11,701	9,840
	62,742	68,125	93,465	250,061
<u>Outside Malaysia</u>				
Financial investments available-for-sale	5,904	6,534	-	-
Associate	-	-	23,920	20,037
	5,904	6,534	23,920	20,037
Net loss arising from financial assets held for trading				
- realised	(322,562)	(130,136)	(342,318)	(142,644)
- unrealised	(514,734)	(129,296)	(516,257)	(130,120)
	(837,296)	(259,432)	(858,575)	(272,764)
Net gain arising from hedging activities	5,618	16,146	9,758	16,088
Net gain arising from derivative financial instruments				
- realised	628,190	837,121	539,683	807,916
- unrealised	1,825,363	207,781	1,892,283	97,940
	2,453,553	1,044,902	2,431,966	905,856
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised	(40,496)	(60,487)	(34,015)	(51,829)
- unrealised	(71,303)	(34,478)	(51,080)	47,932
	(111,799)	(94,965)	(85,095)	(3,897)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****38 Net non-interest income (Continued)**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net gain from sale of financial investments available-for-sale	134,033	91,222	63,231	54,719
Net gain from redemption of financial investments held-to-maturity	16	2,640	16	2,640
Other non-interest income				
Foreign exchange loss	(500,135)	(120,974)	(656,992)	(126,777)
Rental income	15,817	13,222	11,690	9,987
Gain on disposal of property, plant and equipment/assets held for sale	1,292	226	7,093	1,063
Loss on disposal of foreclosed properties	(26,410)	(64,081)	-	-
Gain on disposal of leased assets	85	42	-	-
Loss on revaluation of investment properties	(2,880)	-	-	-
Gain on distributions from associate	14,463	-	55,389	-
Others	91,012	80,917	44,572	54,958
	(406,756)	(90,648)	(538,248)	(60,769)
	2,569,241	1,997,485	2,236,406	1,972,928

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

39 Overheads

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	2,388,759	2,115,241	1,907,135	1,672,665
- Pension cost (defined contribution plan)	225,347	193,350	203,674	173,624
- Pension cost (defined benefit plan)	17,019	14,446	-	-
- Mutual Separation Scheme	302,764	-	290,946	-
- Overtime	15,977	15,974	10,411	10,291
- Staff incentives and other staff payments	123,947	166,656	116,587	156,197
- Medical expenses	82,224	81,772	75,883	76,714
- Others	81,706	84,948	54,309	61,373
	3,237,743	2,672,387	2,658,945	2,150,864
Establishment costs				
- Depreciation of property, plant and equipment	204,828	184,365	150,608	134,552
- Amortisation of prepaid lease payments	206	289	-	-
- Impairment of property, plant and equipment	1,094	-	-	-
- Rental	247,435	228,235	198,278	181,777
- Repairs and maintenance	240,358	268,407	213,874	241,806
- Outsourced services	159,468	146,173	222,671	212,647
- Security expenses	104,621	107,097	105,456	111,273
- Utility expenses	47,994	54,541	37,185	44,504
- Others	64,527	66,251	50,747	52,321
	1,070,531	1,055,358	978,819	978,880
Marketing expenses				
- Sales commission	4,100	5,196	-	934
- Advertisement	183,823	163,079	156,979	141,321
- Others	25,062	29,079	17,682	14,689
	212,985	197,354	174,661	156,944
Administration and general expenses				
- Communication	27,538	47,951	20,646	41,158
- Consultancy and professional fees	63,134	52,520	56,344	45,792
- Legal expenses	19,976	19,729	9,218	14,117
- Stationery	34,836	36,675	25,281	27,669
- Amortisation of intangible assets	197,532	195,477	174,888	173,357
- Postages	44,554	43,144	36,562	31,631
- Administrative travelling and vehicle expenses	43,663	37,393	33,574	26,164
- Incidental expenses on banking operations	45,870	40,493	28,770	22,650
- Insurance	155,655	130,287	37,698	33,868
- Others	165,632	119,489	59,745	33,870
	798,390	723,158	482,726	450,276
Shared service cost	45,665	236,044	(339,318)	(125,509)
	5,365,314	4,884,301	3,955,833	3,611,455

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****39 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (excluding benefits-in-kind) (Note 43)	3,755	6,773	3,245	6,373
Hire of equipment	2,066	2,247	1,657	1,755
Lease rental	1,837	1,375	1,832	1,371
Auditors' remuneration:				
PwC Malaysia (audit)				
- statutory audit	3,025	3,085	2,533	2,650
- limited review	773	843	693	766
- other audit related	353	830	225	671
PwC Malaysia (non audit)	149	198	92	98
Other member firms of PwC International Limited (audit)				
- statutory audit	1,618	1,348	950	832
- limited review	727	732	128	108
- other audit related	257	248	50	61
Other member firms of PwC International Limited (non audit)	184	1,827	107	1,827
Property, plant and equipment written-off	1,126	6,802	1,126	6,802

PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****40 Allowances for impairment losses on loans, advances and financing**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing				
Individual impairment allowance				
- Net allowance made during the financial year	153,507	310,299	39,860	253,223
Portfolio impairment allowance				
- Net allowance made during the financial year	844,526	639,287	295,808	338,241
Impaired loans and advances				
- recovered	(259,081)	(268,835)	(171,185)	(174,773)
- written off	20,833	21,207	16,276	14,203
	759,785	701,958	180,759	430,894

41 Allowances for other impairment losses made/(written-back)

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale				
- net allowance made during the financial year	2,438	28,930	1,902	28,910
Subsidiaries				
- made during the financial year	-	-	4,443	-
	2,438	28,930	6,345	28,910

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

42 Significant related party transactions and balances

(a) The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 14	Subsidiaries
SBB Berhad	Subsidiary of ultimate holding company
Commerce Asset Realty Sdn. Bhd.	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
CIMB Investment Bank Berhad	Subsidiary of holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Joint venture of the Bank as disclosed in Note 15	Joint venture
Associates of the Bank as disclosed in Note 16	Associates
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****42 Significant related party transactions and balances (Continued)**

(b) Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on normal commercial rates.

	← The Group and the Bank Holding & Ultimate Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	→ The Group Key management personnel RM'000	← The Bank → Subsidiaries RM'000	Key management personnel RM'000
2015						
Income						
Interest on deposits and placements with financial institutions	-	17,209	129	-	140,032	-
Interest on loans, advances and financing	23,268	4,270	-	231	3,773	504
Interest on securities	307	-	-	-	596	-
Dividends	-	-	23,920	-	30,885	-
Others	3,498	49,976	40,830	14	8,549	15
Expenditure						
Interest on deposits from customers and repurchase agreement	38,211	32,551	537	524	6,328	440
Interest on deposits and placements of banks and other financial institutions	-	1,711	-	-	12,963	-
Interest on subordinated bonds	2,540	-	-	-	-	-
Rental of premises	284	-	-	-	360	-
Shared service cost	-	10,007	-	-	(352,718)	-
Dividends	1,570,983	-	-	-	-	-
Others	-	82,170	-	-	90,196	-
2014						
Income						
Interest on deposits and placements with financial institutions	-	17,904	270	-	127,907	-
Interest on loans, advances and financing	31,790	4,077	-	82	2,810	272
Interest on securities	12	-	-	-	68	-
Dividends	-	-	20,037	-	182,086	-
Others	-	7,052	48,776	8	7,825	8
Expenditure						
Interest on deposits from customers and repurchase agreement	53,930	24,218	427	1,365	6,380	1,017
Interest on deposits and placements of banks and other financial institutions	-	1,667	-	-	62,870	-
Rental of premises	284	350	-	-	384	-
Shared service cost	-	156,009	-	-	(283,499)	-
Dividends	1,608,982	-	-	-	-	-
Others	31	51,938	-	-	114,849	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****42 Significant related party transactions and balances (Continued)**

(c) Related party balances

	← The Group and the Bank →			The Group	← The Bank →	
	Holding & Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Amounts due from						
Current accounts, deposits and placements with banks and other financial institutions	-	1,198,633	25,758	-	492,402	-
Placement from Investment Account	-	-	-	-	2,900,982	-
Loans, advances and financing	1,020,519	263,030	-	18,406	114,000	32,535
Derivative financial instruments	977	260	-	-	690,284	-
Investments securities	5,095	-	-	-	36,670	-
Others	110	365	1,237,928	-	849	-
Amounts due to						
Deposits from customers and repurchase agreement	765,878	989,769	630	69,481	221,063	42,091
Deposits and placements of banks and other financial institutions	-	331,059	-	-	961,290	-
Derivative financial instruments	885	216	-	-	489,713	-
Subordinated obligations	2,002,540	756	-	-	-	-
Others	-	3,098	397,025	-	57	-
Commitment and contingencies						
Foreign exchange related contracts	291,206	131,211	-	-	5,287,224	-
Equity related contracts	-	155,812	-	-	116,332	-
Interest rate related contracts	500,000	17,172	-	-	22,310,459	-
Credit related contracts	128,790	-	-	-	27,150	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****42 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	← The Group and the Bank →		← The Bank →		← The Group →		← The Bank →
	Holding & Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014							
Amounts due from							
Current accounts, deposits and placements with banks and other financial institutions	-	1,011,263	20,979	-	3,424,856	-	-
Loans, advances and financing	1,002,933	193,127	-	27,655	64,000	26,385	-
Derivative financial instruments	3,087	6,136	-	-	318,309	-	-
Investments securities	1,772	-	-	-	4,611	-	-
Others	-	18,257	1,189,074	-	1,126	-	-
Amounts due to							
Deposits from customers and repurchase agreement	2,021,581	847,170	7,732	80,719	272,769	38,510	-
Deposits and placements of banks and other financial institutions	-	172,417	-	-	1,559,027	-	-
Derivative financial instruments	2,696	6,573	-	-	304,063	-	-
Others	-	8,586	362,378	-	41	-	-
Commitment and contingencies							
Foreign exchange related contracts	320,688	388,765	-	-	5,874,354	-	-
Equity related contracts	-	133,697	-	-	116,893	-	-
Interest rate related contracts	500,000	-	-	-	20,423,918	-	-
Credit related contracts	454,545	-	-	-	27,430	-	-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****42 Significant related party transactions and balances (Continued)**

(d) Key management personnel

Key management compensation

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Salaries and other employee benefits	69,122	61,573	87,790	66,894
Shares of the ultimate holding company (units)	2,538,504	4,883,191	2,965,507	4,642,864

Loans to Directors of the Bank amounting to RM3,962,219 (2014: RM3,347,170). Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowances were required in 2015 and 2014 for loans, advances and financing made to the key management personnel.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****42 Significant related party transactions and balances (Continued)****(e) Equity Ownership Plan (“EOP”)**

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM67,903,000 (2014: RM56,335,000) and RM64,766,000 (2014: RM54,450,000) respectively.

The weighted average fair value of shares awarded under EOP was RM5.93 per ordinary share (2014: RM7.14 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	Units	Units	Units	Units
	'000	'000	'000	'000
Shares				
At 1 January	19,193	15,456	18,179	14,737
Awarded	7,556	12,292	6,844	11,556
Released	(13,549)	(8,555)	(12,867)	(8,114)
At 31 December	13,200	19,193	12,156	18,179

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

42 Significant related party transactions and balances (Continued)

(f) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Outstanding credit exposures with connected parties	14,231,613	12,137,531	12,514,068	11,480,469
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	4.0%	3.7%	4.2%	4.1%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

(g) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 29.7% of the issued capital of the ultimate holding company (2014: 29.3%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business on commercial rates and consistently applied in accordance with the Group's and the Bank's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****43 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Dato' Zainal Abidin bin Putih
 Dato' Sri Mohamed Nazir bin Abdul Razak
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
 Puan Rosnah Dato' Kamarul Zaman
 Mr. Venkatachalam Krishnakumar
 Datin Grace Yeoh Cheng Geok
 Encik Ahmad Zulqarnain Che On
 Dato' Sri Amrin bin Awaluddin
 Datuk Mohd Nasir bin Ahmad (appointed on 20 July 2015)
 Dato' Lee Kok Kwan (appointed on 20 July 2015)

Executive Directors

Mr. Renzo Christopher Viegas (resigned on 1 May 2015)
 Dato' Sulaiman bin Mohd Tahir (appointed on 1 May 2015 and resigned on 22 November 2015)

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	1,557	5,241	1,557	5,241
- Benefits-in-kind	28	63	28	63
	1,585	5,304	1,585	5,304
Non-Executive Directors				
- Fees	607	435	469	355
- Other remuneration	1,591	1,097	1,219	777
- Benefits-in-kind	71	63	37	37
	2,269	1,595	1,725	1,169
	3,854	6,899	3,310	6,473

The Directors' bonus for the financial year 2015 will be paid in tranches, spread over financial year 2016, while for financial year 2014, it was similarly paid in tranches, spread over financial year 2015. A similar condition is also imposed on the bonus for certain key personnel.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

43 Directors' remuneration (Continued)

	Salary and/or other Fees RM'000	remuneration RM'000	Benefits-in- kind RM'000	The Group Total RM'000	Salary and/or other Fees RM'000	remuneration RM'000	Benefits- in-kind RM'000	The Bank Total RM'000
2015								
Executive Directors								
Mr. Renzo Christopher Viegas	-	858	14	872	-	858	14	872
Dato' Sulaiman bin Mohd Tahir	-	699	14	713	-	699	14	713
	-	1,557	28	1,585	-	1,557	28	1,585
Non-Executive Directors								
Dato' Zainal Abidin bin Putih	108	321	37	466	96	295	37	428
Dato' Sri Mohamed Nazir bin Abdul Razak	36	155	-	191	36	155	-	191
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	137	417	34	588	60	162	-	222
Puan Rosnah Dato' Kamarul Zaman	115	252	-	367	72	174	-	246
Mr. Venkatachalam Krishnakumar	36	70	-	106	36	70	-	106
Datin Grace Yeoh Cheng Geok	36	90	-	126	36	90	-	126
Encik Ahmad Zulqarnain Che On	48	81	-	129	48	81	-	129
Dato' Sri Amrin bin Awaluddin	36	80	-	116	36	80	-	116
Datuk Mohd Nasir bin Ahmad	27	67	-	94	27	67	-	94
Dato' Lee Kok Kwan	28	58	-	86	22	45	-	67
	607	1,591	71	2,269	469	1,219	37	1,725
	607	3,148	99	3,854	469	2,776	65	3,310

	Salary and/or other Fees RM'000	remuneration RM'000	Benefits-in- kind RM'000	The Group Total RM'000	Salary and/or other Fees RM'000	remuneration RM'000	Benefits- in-kind RM'000	The Bank Total RM'000
2014								
Executive Directors								
Mr. Renzo Christopher Viegas	-	4,719	53	4,772	-	4,719	53	4,772
Dato' Sulaiman bin Mohd Tahir	-	522	10	532	-	522	10	532
	-	5,241	63	5,304	-	5,241	63	5,304
Non-Executive Directors								
Dato' Zainal Abidin bin Putih	100	301	37	438	88	273	37	398
Dato' Sri Mohamed Nazir bin Abdul Razak	12	30	-	42	12	30	-	42
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	114	388	26	528	63	140	-	203
Puan Rosnah Dato' Kamarul Zaman	84	151	-	235	67	107	-	174
Mr. Venkatachalam Krishnakumar	36	60	-	96	36	60	-	96
Datin Grace Yeoh Cheng Geok	36	70	-	106	36	70	-	106
Encik Ahmad Zulqarnain Che On	13	22	-	35	13	22	-	35
Dato' Sri Amrin bin Awaluddin	5	15	-	20	5	15	-	20
Mr. Joseph Dominic Silva	35	60	-	95	35	60	-	95
	435	1,097	63	1,595	355	777	37	1,169
	435	6,338	126	6,899	355	6,018	100	6,473

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****44 Taxation**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	837,249	694,313	670,717	531,352
- Foreign tax	102,906	72,381	58,564	59,204
Deferred taxation (Note 9)	(53,461)	(2,643)	(43,072)	(9,459)
Over provision in prior financial years	(12,063)	(25,388)	(8,793)	(25,561)
	874,631	738,663	677,416	555,536
Reconciliation between tax expense and the Malaysian tax rate				
Profit before taxation	4,160,339	3,713,955	3,424,901	3,033,172
Tax calculated at a rate of 25% (2014: 25%)	1,040,085	928,489	856,225	758,293
- different tax rates in Labuan and other countries	(228,770)	(164,220)	(215,805)	(148,714)
- change in tax rates	8,664	-	7,744	-
- expenses not deductible for tax purposes	106,095	58,681	75,889	53,991
- income not subject to tax	(38,308)	(58,451)	(37,844)	(86,089)
- utilisation of previously unrecognised tax losses	(1,072)	(4,064)	-	-
- controlled asset transfer	-	3,616	-	3,616
- over provision in prior financial years	(12,063)	(25,388)	(8,793)	(25,561)
Tax expense	874,631	738,663	677,416	555,536

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****45 Earnings per share**

(a) Basic earnings per share

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM3,280,377,000 (2014: RM2,964,546,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,747,485,000 (2014: RM2,477,636,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 4,849,271,000 (2014: 4,520,123,000) is used for the computation.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2015 and 31 December 2014.

46 Dividends

The gross and net dividend declared per share for each financial year are as follows:

	2015			2014		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per redeemable preference shares - single tier	27.50	27.50	818,000	28.82	28.82	857,000
<u>Interim dividend - in respect of previous year</u>						
Per redeemable preference shares - single tier	25.32	25.32	753,000	25.29	25.29	752,007
	<u>52.82</u>	<u>52.82</u>	<u>1,571,000</u>	<u>54.11</u>	<u>54.11</u>	<u>1,609,007</u>

The Directors have proposed a single tier second interim dividend of approximately 32.5 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM967 million in respect of the financial year ended 31 December 2015. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 28 January 2016.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2015.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****47 Lease commitments**

The Group and the Bank have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, is as follows:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Within one year	192,537	152,985	171,237	129,380
One year to less than five years	307,220	291,584	292,663	275,945
Five years and more	124,165	171,825	122,521	170,131

48 Capital commitments

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	434,494	506,229	434,451	505,154
- authorised but not contracted for	353,408	380,693	268,911	327,574
	787,902	886,922	703,362	832,728

Analysed as follows:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	776,313	874,739	693,196	822,472
Computer software	11,589	12,183	10,166	10,256
	787,902	886,922	703,362	832,728

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

49 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group EXCO who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

For 2015, the capital adequacy framework applicable is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012. On 13 October 2015, BNM issued revised guidelines on the Capital Adequacy Framework (Capital Components, which will take effect beginning 1 January 2016 and 1 January 2019 for banking institutions and financial holding company respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The capital adequacy for CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines as issued on 8 November 2012.

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

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

On 13 October 2015, BNM issued updated guidelines on the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) which are applicable to all banking institutions with immediate effect and all financial holding companies with effect from 1 January 2019.

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. 87/2551 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The regulatory compliance ratios of CIMB Bank PLC refers to Solvency Ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank PLC's net worth divided by its risk-weighted assets.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****49 Capital adequacy (Continued)***Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2015.

31 December 2015 - Basel III

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

	The Group	The Bank*
Common equity tier I ratio	10.876%	11.504%
Tier I ratio	11.825%	12.677%
Total capital ratio	<u>15.438%</u>	<u>15.823%</u>

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

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

	The Group	The Bank*
	RM’000	RM’000
Credit risk	180,655,182	134,581,911
Market risk	14,483,777	12,251,594
Large exposure risk requirements	666,867	666,867
Operational risk	<u>17,227,086</u>	<u>12,885,118</u>
Total risk-weighted assets	<u>213,032,912</u>	<u>160,385,490</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****49 Capital adequacy (Continued)****31 December 2015 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares	5,148,084	5,148,084
Other reserves	26,518,216	21,591,225
Qualifying non-controlling interests	275,120	-
Less: Proposed dividends	(966,553)	(966,553)
Common Equity Tier I capital before regulatory adjustments	<u>30,974,867</u>	<u>25,772,756</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,114,235)	(3,555,075)
Intangible assets	(945,435)	(874,745)
Deferred tax assets	(403,149)	(210,842)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(319,238)	(1,721,064)
Others	(1,023,930)	(959,972)
Common Equity Tier I capital after regulatory adjustments	<u>23,168,880</u>	<u>18,451,058</u>
Additional Tier I capital		
Perpetual preference shares	140,000	140,000
Non-innovative Tier I Capital	700,000	700,000
Innovative Tier I Capital	1,128,260	1,128,260
Qualifying capital instruments held by third parties	54,760	-
Additional Tier I capital before regulatory adjustments	<u>2,023,020</u>	<u>1,968,260</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(88,000)
Additional Tier I capital after regulatory adjustments	<u>2,023,020</u>	<u>1,880,260</u>
Total Tier I capital	<u>25,191,900</u>	<u>20,331,318</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	210,735	480,515
Qualifying capital instruments held by third parties	376,000	-
Portfolio impairment allowance and regulatory reserves ^	509,270	236,377
Tier II capital before regulatory adjustments	<u>8,175,745</u>	<u>7,796,632</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(478,907)	(2,750,641)
Total Tier II capital	<u>7,696,838</u>	<u>5,045,991</u>
Total capital	<u>32,888,738</u>	<u>25,377,309</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****49 Capital adequacy (Continued)****31 December 2015 - Basel III (Continued)**

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	12.718%	10.778%	N/A
Tier I ratio	13.557%	10.778%	N/A
Total capital ratio	16.273%	15.456%	17.377%

31 December 2014 - Basel III

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

	The Group	The Bank*
Common equity tier I ratio	10.114%	11.193%
Tier I ratio	11.272%	12.642%
Total capital ratio	<u>14.509%</u>	<u>14.663%</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk	166,270,354	125,820,234
Market risk	16,080,788	13,831,101
Large exposure risk requirements	502,139	502,139
Operational risk	<u>15,851,297</u>	<u>11,971,135</u>
Total risk-weighted assets	<u>198,704,578</u>	<u>152,124,609</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****49 Capital adequacy (Continued)****31 December 2014 - Basel III (Continued)**

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

	The Group RM'000		The Bank* RM'000
Common Equity Tier I capital			
Ordinary shares	4,787,023		4,787,023
Other reserves	23,197,847		19,193,658
Qualifying non-controlling interests	257,010		-
Less: Proposed dividends	(753,000)	#	(753,000) #
Common Equity Tier I capital before regulatory adjustments	<u>27,488,880</u>		<u>23,227,681</u>
<u>Less: Regulatory adjustments</u>			
Goodwill	(4,965,324)		(3,555,075)
Intangible assets	(949,186)		(844,072)
Deferred tax assets	(314,145)		(182,140)
Shortfall of eligible provisions to expected losses	(280,596)		(125,800)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(144,137)		(765,837)
Others	(738,239)		(728,079)
Common Equity Tier I capital after regulatory adjustments	<u>20,097,253</u>		<u>17,026,678</u>
Additional Tier I capital			
Perpetual preference shares	160,000		160,000
Non-innovative Tier I Capital	800,000		800,000
Innovative Tier I Capital	1,289,440		1,289,440
Qualifying capital instruments held by third parties	51,075		-
Additional Tier I capital before and after regulatory adjustments	<u>2,300,515</u>		<u>2,249,440</u>
<u>Less: Regulatory adjustments</u>			
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(349)		(44,349)
Additional Tier I capital after regulatory adjustments	<u>2,300,166</u>		<u>2,205,091</u>
Total Tier I capital	<u>22,397,419</u>		<u>19,231,769</u>
Tier II capital			
Subordinated notes	6,050,000		6,050,000
Redeemable preference shares	29,740		29,740
Qualifying capital instruments held by third parties	378,488		-
Portfolio impairment allowance and regulatory reserves ^	552,993		240,204
Tier II capital before regulatory adjustments	<u>7,011,221</u>		<u>6,319,944</u>
<u>Less: Regulatory adjustments</u>			
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(577,946)		(3,245,289)
Total Tier II capital	<u>6,433,275</u>		<u>3,074,655</u>
Total capital	<u>28,830,694</u>		<u>22,306,424</u>

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

49 Capital adequacy (Continued)

31 December 2014 - Basel III (Continued)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	11.448%	9.913%	N/A
Tier I ratio	12.345%	9.913%	N/A
Total capital ratio	<u>15.493%</u>	<u>14.977%</u>	<u>15.377%</u>

The dividends on Redeemable Preference Shares was paid on 17 April 2015.

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

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM183 million (2014: RM223 million) and RM161 million (2014: RM198 million) respectively.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

50 Significant events during the financial year

- (a) On 29 April 2015, CIMB Group successfully completed its fifth Dividend Reinvestment Scheme (“DRS”) of which approximately RM364 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM546 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 43.69 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 9 June 2015. The rights issue was completed on 26 June 2015 with issuance of 110 million units of new CIMB Bank shares.

On 26 October 2015, CIMB Group successfully completed its sixth DRS of which approximately RM171 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS amounting to RM584 million and an additional equity injection of RM696 million via the rights issue into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 19.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 23 November 2015. The rights issue was completed on 23 December 2015 with issuance of 251 million units of new CIMB Bank shares.

- (b) On 15 May 2015, CIMB Group Holdings Berhad, announced that they have offered employees in Malaysia and Indonesia a Mutual Separation Scheme (“MSS”). The MSS exercise is fully voluntary and is aimed at enhancing the Group's efficiency levels across the board.
- (c) On 7 August 2015, the Bank obtained an in-principle approval to establish and operate a 100% owned subsidiary in Vietnam.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

50 Significant events during the financial year (Continued)

- (d) On 4 September 2015, CIMB Bank PLC has successfully issued USD7.0 million Tier 2 subordinated debt (“Subordinated Debt”) which is intended to qualify as a Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia (“NBC”). The Subordinated Debt was issued as a single tranche at 3.00% per annum with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant Coupon Payment Date thereafter. The interest rate will remain unchanged throughout the tenor of the Subordinated Debt. Redemption of the Subordinated Debts on the call dates shall be subject to NBC’s approval. There is no step up coupon after call dates.

The subordinated debt has been fully subscribed by CIMB Bank.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

51 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Impairment of available-for-sale equity investments

The Group and the Bank determine that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant and prolonged requires judgement. The Group and the Bank evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(b) Impairment losses on loans, advances and financing

The Group and the Bank make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and time of the cash flows in allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

(c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Significant Accounting Policies.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

51 Critical accounting estimates and judgements in applying accounting policies (Continued)

(c) *Goodwill impairment (continued)*

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various cash-generating units ("CGUs"). The goodwill is then allocated to these various CGUs. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the CGUs, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions.

Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

(d) *Fair value of financial instruments*

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 53.4.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

52 Segment reporting

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.

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

(i) Business segment reporting

Definition of segments

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has been re-organised into five major operation divisions. The divisions form the basis on which the Group reports its segment information.

Consumer Banking

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

Commercial Banking

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

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

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

52 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking

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

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

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

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

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

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

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

Investments

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

Support and others

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

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

52 Segment reporting (Continued)

(i) Business segment reporting (continued)

31 December 2015 Group	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income						
- external	4,202,768	729,784	800,081	532,976	(5,501)	6,260,108
- inter-segment	(829,740)	140,032	692,657	(2,949)	-	-
	<u>3,373,028</u>	<u>869,816</u>	<u>1,492,738</u>	<u>530,027</u>	<u>(5,501)</u>	<u>6,260,108</u>
Income from Islamic banking operations	724,062	144,332	413,987	90,558	-	1,372,939
Net non-interest income	<u>1,035,034</u>	<u>224,037</u>	<u>1,027,426</u>	<u>211,664</u>	<u>71,080</u>	<u>2,569,241</u>
	5,132,124	1,238,185	2,934,151	832,249	65,579	10,202,288
Overheads	(2,980,388)	(606,887)	(1,286,311)	(467,254)	(24,474)	(5,365,314)
of which:						
Depreciation of property, plant and equipment	(157,084)	(6,359)	(22,773)	(18,612)	-	(204,828)
Amortisation of prepaid lease payments	(180)	(10)	(16)	-	-	(206)
Amortisation of intangible assets	<u>(151,512)</u>	<u>(2,621)</u>	<u>(20,931)</u>	<u>(22,468)</u>	<u>-</u>	<u>(197,532)</u>
Profit before allowances	2,151,736	631,298	1,647,840	364,995	41,105	4,836,974
Allowances for impairment losses on loans, advances and financing	(639,227)	(45,028)	(75,530)	-	-	(759,785)
Allowances for losses on other receivables made	-	-	-	-	(8,890)	(8,890)
Allowances for commitments and contingencies made	(534)	-	-	-	-	(534)
Allowances for other impairment losses written-back/(made)	-	340	8	(2,786)	-	(2,438)
Segment results	<u>1,511,975</u>	<u>586,610</u>	<u>1,572,318</u>	<u>362,209</u>	<u>32,215</u>	<u>4,065,327</u>
Share of results of joint venture	1,587	-	-	-	-	1,587
Share of results of associates	-	-	-	93,425	-	93,425
Taxation	-	-	-	-	-	(874,631)
Net profit after taxation	-	-	-	-	-	<u>3,285,708</u>

31 December 2015 Group	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	133,314,878	30,080,623	176,485,988	22,503,087	362,384,576
Unallocated assets	-	-	-	-	13,921,997
Total assets	-	-	-	-	<u>376,306,573</u>
Segment liabilities	108,222,098	34,237,788	192,961,351	1,692,822	337,114,059
Unallocated liabilities	-	-	-	-	6,893,789
Total liabilities	-	-	-	-	<u>344,007,848</u>
Other segment items					
Capital expenditure	304,917	8,232	42,993	42,711	398,853
Investment in joint venture	162,775	-	-	-	162,775
Investment in associate	-	-	-	798,095	798,095

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****52 Segment reporting (Continued)****(i) Business segment reporting (continued)**

31 December 2014 Group	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income						
- external	3,626,581	708,870	1,124,940	460,499	(9,216)	5,911,674
- inter-segment	(533,631)	35,531	512,838	(14,738)	-	-
	3,092,950	744,401	1,637,778	445,761	(9,216)	5,911,674
Income from Islamic banking operations	689,396	117,269	399,653	91,991	-	1,298,309
Net non-interest income	959,519	189,727	747,542	58,595	42,102	1,997,485
	4,741,865	1,051,397	2,784,973	596,347	32,886	9,207,468
Overheads	(2,908,684)	(592,801)	(1,221,061)	(158,004)	(3,751)	(4,884,301)
of which:						
Depreciation of property, plant and equipment	(165,205)	(6,695)	(18,884)	6,419	-	(184,365)
Amortisation of prepaid lease payments	(273)	(6)	(10)	-	-	(289)
Amortisation of intangible assets	(135,388)	(3,525)	(15,996)	(40,568)	-	(195,477)
Profit before allowances	1,833,181	458,596	1,563,912	438,343	29,135	4,323,167
Allowances for impairment losses on loans, advances and financing (made)/written-back	(525,246)	100,636	(277,348)	-	-	(701,958)
Allowances for losses on other receivables written-back/(made)	-	27	-	-	(1,007)	(980)
Allowances for commitments and contingencies written-back/(made)	-	10,983	(2,040)	-	-	8,943
Allowances for other impairment losses written-back/(made)	-	69	-	(28,999)	-	(28,930)
Segment results	1,307,935	570,311	1,284,524	409,344	28,128	3,600,242
Share of results of joint venture	2,881	-	-	-	-	2,881
Share of results of associates	-	-	-	110,832	-	110,832
Taxation	-	-	-	-	-	(738,663)
Net profit after taxation	-	-	-	-	-	2,975,292

31 December 2014 Group	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	118,521,121	27,700,589	162,017,692	20,506,543	328,745,945
Unallocated assets	-	-	-	-	8,903,634
Total assets	-	-	-	-	337,649,579
Segment liabilities	98,221,773	27,952,128	177,611,902	1,206,525	304,992,328
Unallocated liabilities	-	-	-	-	4,090,944
Total liabilities	-	-	-	-	309,083,272
Other segment items					
Capital expenditure	395,052	13,776	47,251	56,233	512,312
Investment in joint venture	161,188	-	-	-	161,188
Investment in associate	-	-	-	785,797	785,797

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

52 Segment reporting (Continued)

(i) Business segment reporting (continued)

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

(ii) Geographic segment reporting

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong and Shanghai. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia, no other individual country contributed more than 10% of the net interest income and of total assets.

	31 December 2015				
	Net interest	Total	Total	Total	Capital
	income	non-current	assets	liabilities	expenditure
	RM'000	assets	RM'000	RM'000	RM'000
The Group					
Malaysia	4,593,701	7,092,999	279,602,930	255,262,904	321,446
Overseas operations	1,666,407	8,827,036	96,703,643	88,744,944	77,407
	6,260,108	15,920,035	376,306,573	344,007,848	398,853

	31 December 2014				
	Net interest	Total	Total	Total	Capital
	income	non-current	assets	liabilities	expenditure
	RM'000	assets	RM'000	RM'000	RM'000
The Group					
Malaysia	4,495,415	12,269,089	260,705,829	236,082,548	454,513
Overseas operations	1,416,259	2,617,779	76,943,750	73,000,724	57,799
	5,911,674	14,886,868	337,649,579	309,083,272	512,312

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management

(a) Financial risk management objectives and policies

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

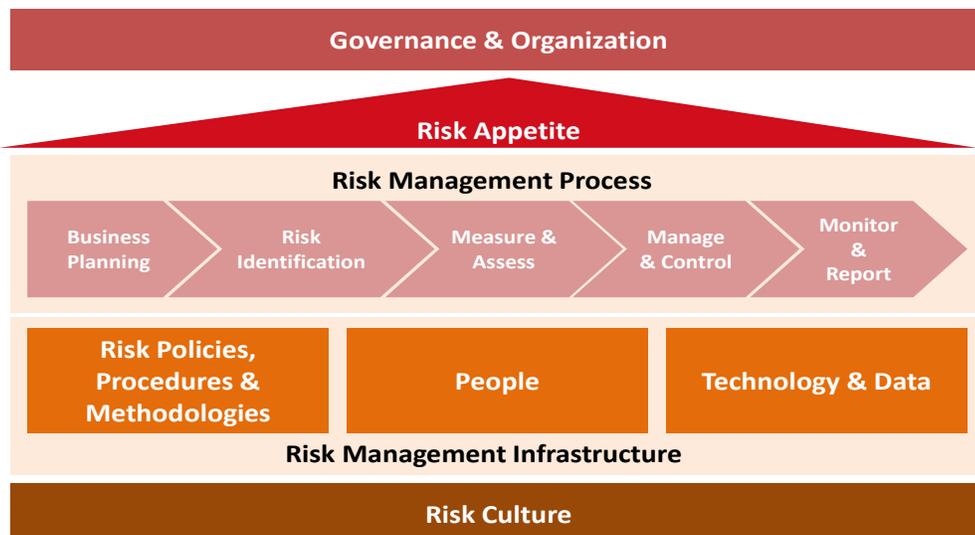
The objectives of the Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholders' value through proper allocation of capital and facilitate development of new businesses.

(b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

The design of the EWRM framework involves a complementary ‘top-down strategic’ and ‘bottom-up tactical’ risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

i) Governance & Organisation

A strong governance structure is important to ensure an effective and consistent implementation of the Group’s EWRM framework. The Board is ultimately responsible for the Group’s risk management activities, sets the strategic directions, risk appetite and relevant frameworks for the Group. The Board is assisted by various risk committees and control functions in ensuring that the Group’s risk management framework is carried out effectively.

ii) Risk Appetite

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

The Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. Board Risk Committee (BRC) and Group Risk Committee (GRC) receive monthly reports on compliance with the risk appetite.

iii) Risk Management Process

- **Business Planning:** Risk is central to the business planning process, including setting risk appetite, risk posture and new product/ new business activities.
- **Risk Identification:** Risks are systematically identified through the robust application of the Group’s risk frameworks, policies and procedures.
- **Measure and Assess:** Risks are measured and aggregated using Group wide methodologies across each of the risk types, including stress testing.
- **Manage and Control:** Controls and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

iii) Risk Management Process (Continued)

- **Monitor and Report:** Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within risk appetite. Risk adjusted performance is monitored.

iv) Risk Management Infrastructure

- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Procedures provide guidance for day-to-day risk taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.
- **People:** Attracting the right talent and skills are keys to ensuring a well-functioning EWRM Framework. The organization continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment. Performance measurement and compensation are aligned to the strategy plan and risk appetite.
- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

v) Risk Culture

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Group.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance

At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

The Group's risk management governance and reporting structure is depicted as follows:

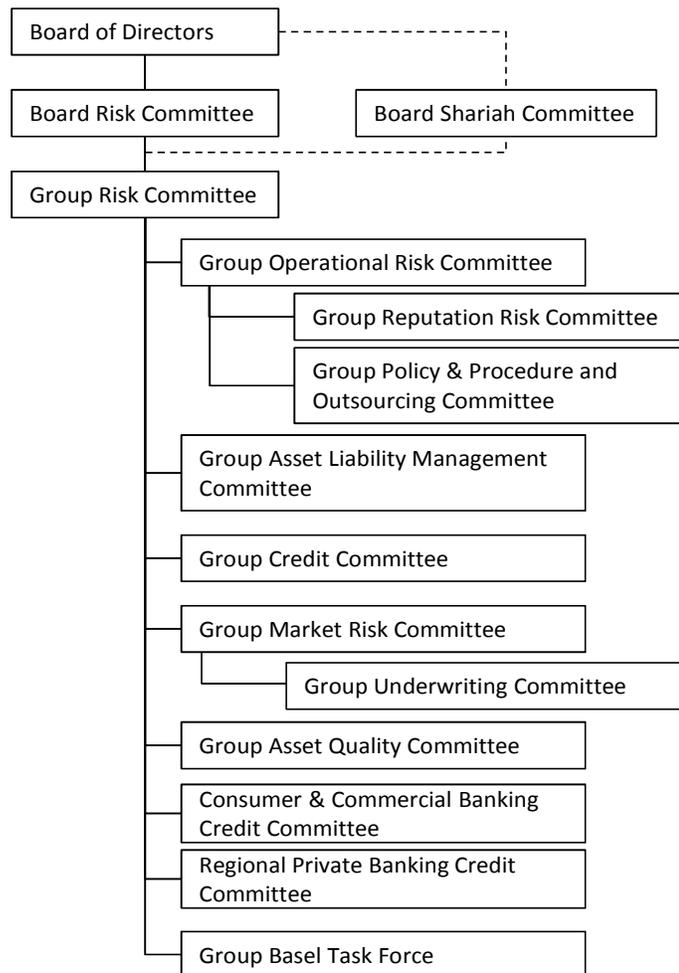
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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance (continued)



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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance (continued)

Three-Lines of Defence

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group Chief Risk Officer who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

- a) Actively engages the Board and senior management on risk management issues and initiatives.
- b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)

a) Risk Analytics & Infrastructure Centre of Excellence

Risk Analytics & Infrastructure Centre of Excellence designs, builds and implements standardised infrastructure used to measure, monitor and manage risk across the region.

b) Market Risk Centre of Excellence

In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation.

c) Operational Risk Centre of Excellence

The Operational Risk Centre of Excellence provides the methodology, tools and processes for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group. It provides challenge and oversight over the execution of this framework by the first line of defence. Management of operational risks is present in the Group's products, services, activities, processes and systems.

d) Asset Liability Management Centre of Excellence

It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest rate risk in the banking book/ rate of return in the banking book as well as recommending policies and methodologies to manage the said risks. It conducts regular stress testing of the liquidity risk profile, ensuring the Group's adherence and compliance with internal and regulatory requirements, and maintains the early warning system indicators and Contingency Funding Plan (CFP).

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)

e) Credit Risk Centre of Excellence

The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of the Group. It ensures a homogenous and consistent approach to:

- Credit Risk Policies and Procedures;
- Credit Risk Models;
- Credit Risk Methodologies; and
- Portfolio Analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.

f) Shariah Risk Management Centre of Excellence

The Shariah Risk Management Centre of Excellence (SRM CoE) facilitates the process of identifying, measuring, controlling and monitoring Shariah Non Compliance (SNC) risks inherent in the Group's Islamic businesses and services. SRM COE formulates, recommends and implements appropriate SRM policies & guidelines; and develops and implements processes for SNC risk awareness.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)

In addition to the above Risk Centres of Excellence, the Regional Risk & International Offices oversees the risk management functions of the regional offices, the Group's unit trust and securities businesses and also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and securities businesses identify, measure and assess, manage and control, monitor and report the relevant material risk exposures of each individual country and/or businesses.

The Regional Risk Validation Team is independent from the risk taking units and model development team. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on Basel related risk models and components comprising credit risk, traded risk, non-traded risk and other Basel related risk models. The unit provides recommendations to the modelling team and the business users. The findings and recommendations will be reported to Model Risk Management Working Group (MRMWG), thereafter to Group Risk Committee (GRC) and Board Risk Committee (BRC) for approval.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

53.1 Credit risk

Credit risk, is defined as the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support customer's obligation to third parties, e.g. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

Credit Risk Management (continued)

The Framework encompass the Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate and commercial loans, credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with exceptions approved at Consumer and Commercial Banking Credit Committee (CBCC).

The GRC with the support of Group Credit Committee, Group Asset Quality Committee, Consumer and Commercial Banking Credit Committee, Regional Private Banking Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by GRD.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

Credit Risk Management (continued)

Credit reviews and rating are conducted on the credit exposures at least on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of secured credit facilities as deemed prudent, should be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

ii) *Collateral Valuation and Management*

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

iii) *Netting*

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

iv) *Portfolio diversification for better clarity*

The Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC.

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2015, the additional collateral to be posted was RM RM6,439,500 (2014: RM 13,989,200).

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	The Group		The Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Financial guarantees	10,368,168	4,665,361	9,955,204	4,326,636
Credit related commitments and contingencies	69,276,171	76,764,348	61,045,365	69,618,973
	79,644,339	81,429,709	71,000,569	73,945,609

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 76.7% (2014: 76.8%) and 78.9% (2014: 80.1%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 66.4% (2014: 60.1%) and 58.9% (2014: 58.4%) respectively. The financial effect of collateral held for the remaining financial assets are insignificant.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.2 Offsetting financial assets and financial liabilities****(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015												
<u>Financial assets</u>												
Derivatives	11,463,962	-	11,463,962	(5,786,645)	(1,822,531)	3,854,786	8,808,615	-	8,808,615	(3,985,387)	(1,201,218)	3,622,010
Reverse repurchase agreements	9,558,281	-	9,558,281	(1,553,752)	(7,865,470)	139,059	8,404,346	-	8,404,346	(1,553,752)	(6,712,506)	138,088
Share margin financing	786,194	-	786,194	-	(781,013)	5,181	782,094	-	782,094	-	(777,795)	4,299
Total	21,808,437	-	21,808,437	(7,340,397)	(10,469,014)	3,999,026	17,995,055	-	17,995,055	(5,539,139)	(8,691,519)	3,764,397
31 December 2014												
<u>Financial assets</u>												
Derivatives	6,931,371	-	6,931,371	(3,408,672)	(755,654)	2,767,045	5,999,209	-	5,999,209	(2,807,590)	(695,268)	2,496,351
Reverse repurchase agreements	4,512,949	-	4,512,949	(1,207,558)	(3,136,338)	169,053	4,406,653	-	4,406,653	(1,207,558)	(3,030,042)	169,053
Share margin financing	801,329	-	801,329	-	(772,697)	28,632	791,876	-	791,876	-	(763,976)	27,900
Total	12,245,649	-	12,245,649	(4,616,230)	(4,664,689)	2,964,730	11,197,738	-	11,197,738	(4,015,148)	(4,489,286)	2,693,304

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.2 Offsetting financial assets and financial liabilities (Continued)****(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015												
Financial liabilities												
Derivatives	11,880,534	-	11,880,534	(5,810,271)	(3,037,644)	3,032,619	9,097,934	-	9,097,934	(4,020,029)	(2,307,170)	2,770,735
Repurchase agreements	7,905,919	-	7,905,919	(7,862,682)	(16,971)	26,266	7,889,260	-	7,889,260	(7,846,957)	(16,971)	25,332
Total	19,786,453	-	19,786,453	(13,672,953)	(3,054,615)	3,058,885	16,987,194	-	16,987,194	(11,866,986)	(2,324,141)	2,796,067
31 December 2014												
Financial liabilities												
Derivatives	7,558,799	-	7,558,799	(3,281,173)	(997,210)	3,280,416	6,601,809	-	6,601,809	(2,705,605)	(858,198)	3,038,006
Repurchase agreements	5,735,839	-	5,735,839	(4,960,352)	(35,727)	739,760	5,735,839	-	5,735,839	(4,960,352)	(35,727)	739,760
Total	13,294,638	-	13,294,638	(8,241,525)	(1,032,937)	4,020,176	12,337,648	-	12,337,648	(7,665,957)	(893,925)	3,777,766

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

53.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows:

	The Group									
	31 December 2015									
	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	11,210,553	15,275	143,313	488,580	1,024,705	1,119,855	1,370,272	301,807	1,458,311	17,132,671
Reverse repurchase agreements	3,946,041	7,570	1,156,146	924,787	953,110	961,051	424,495	13,206	1,171,875	9,558,281
Deposits and placements with banks and other financial institutions	146,118	402,026	64,865	42,193	-	304,383	109,525	142,446	229,008	1,440,564
Financial assets held for trading										
- Money market instruments	6,440,038	146,958	-	5,041,644	54,526	-	-	-	428,649	12,111,815
- Quoted securities	-	-	706,013	-	-	-	-	-	-	706,013
- Unquoted securities	1,765,826	142,441	286,869	358,409	284,041	827,069	674,826	235,949	401,413	4,976,843
Financial investments available-for-sale										
- Money market instruments	1,534,696	975,949	-	-	-	-	258,112	-	-	2,768,757
- Quoted securities	-	-	3,168,255	-	-	-	-	-	-	3,168,255
- Unquoted securities	13,870,981	615,132	395,630	2,168,715	180,672	644,236	1,641,436	756,705	473,265	20,746,772
Financial investments held-to-maturity										
- Money market instruments	8,421,849	-	-	1,016,960	349,954	-	-	-	-	9,788,763
- Quoted securities	-	-	2,676,138	-	-	-	-	-	9,617	2,685,755
- Unquoted securities	10,504,339	-	-	713,732	-	-	-	-	15,109	11,233,180
Derivative financial instruments										
- Trading derivatives	4,574,721	275,064	3,214,853	1,292,530	317,300	936,166	100,713	-	590,638	11,301,985
- Hedging derivatives	14,761	-	39,853	12,022	4,094	58,030	15,598	-	17,619	161,977
Loans, advances and financing										
- Overdrafts	3,987,731	199	836,767	94,559	-	766	-	19	245,825	5,165,866
- Term loans/financing	141,344,679	2,505,239	22,299,861	21,526,090	158,607	1,080,574	786,989	794,364	5,108,374	195,604,777
- Bills receivable	756,350	33,128	3,563,367	795,310	-	84,886	-	996,331	49,217	6,278,589
- Trust receipts	204,733	46,822	632,293	874,251	-	-	-	-	78,743	1,836,842
- Claim on customers under acceptance credit	3,038,138	-	-	-	-	-	-	-	-	3,038,138
- Credit card receivables	5,165,277	11	37,447	1,502,599	-	-	-	-	210	6,705,544
- Revolving credit	8,825,672	256,773	115,906	4,702,727	-	716,905	304,719	721	1,104,032	16,027,455
- Share margin financing	780,673	-	-	-	-	-	-	-	-	780,673
Other assets	7,383,672	11,624	783,572	511,943	-	1,056,086	66,151	-	439,912	10,252,960
Amounts due from holding company and ultimate holding company	2,803	-	-	-	-	-	-	-	-	2,803
Amount due from related companies	1,266,648	1,016	169	3,776	2	29	33	1	1,043	1,272,717
Financial guarantees	3,170,403	4,238	11,280	6,653,760	-	72,220	118,135	10,872	327,260	10,368,168
Credit related commitments and contingencies	59,964,539	301,473	1,258,686	5,407,492	2,363	249,436	450,852	969,639	671,691	69,276,171
Total credit exposures	298,321,241	5,740,938	41,391,283	54,132,079	3,329,374	8,111,692	6,321,856	4,222,060	12,821,811	434,392,334

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows: (Continued)

	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	The Group 31 December 2014		Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
					United States RM'000	United Kingdom RM'000				
Cash and short-term funds	12,614,926	32,901	30,310	2,675,686	2,128,385	1,296,043	2,244,509	77,581	1,642,991	22,743,332
Reverse repurchase agreements	2,559,193	8,249	107,364	70,967	-	1,621,326	115,964	-	29,886	4,512,949
Deposits and placements with banks and other financial institutions	2,207,852	420,751	57,958	510,708	-	223,394	82,159	33,346	308,714	3,844,882
Financial assets held for trading										
- Money market instruments	7,656,934	114,005	-	4,754,653	213,079	-	-	-	-	12,738,671
- Quoted securities	-	-	721,037	-	-	-	-	-	-	721,037
- Unquoted securities	2,538,048	115,385	376,662	617,940	208,148	556,267	850,356	276,269	446,338	5,985,413
Financial investments available-for-sale										
- Money market instruments	3,843,045	204,592	-	-	-	54,302	18,033	-	56,815	4,176,787
- Quoted securities	-	-	2,506,633	-	-	-	-	-	-	2,506,633
- Unquoted securities	14,165,421	434,441	396,338	1,790,297	30,589	485,866	1,068,200	372,007	563,712	19,306,871
Financial investments held-to-maturity										
- Money market instruments	4,664,324	-	-	487,878	275,964	-	-	-	-	5,428,166
- Quoted securities	-	-	2,585,289	-	-	-	-	-	13,008	2,598,297
- Unquoted securities	7,611,699	-	934	795,785	-	-	26,504	-	253,486	8,688,408
Derivative financial instruments										
- Trading derivatives	3,189,771	183,576	1,052,430	826,427	258,526	597,262	73,175	-	604,923	6,786,090
- Hedging derivatives	79,207	-	1,379	4,944	1,468	34,700	12,380	-	11,203	145,281
Loans, advances and financing										
- Overdrafts	4,098,835	112	800,904	96,114	53	768	294	2	199,555	5,196,637
- Term loans/financing	126,920,156	2,803,740	16,476,408	16,019,927	158,208	788,269	653,193	629,153	3,591,238	168,040,292
- Bills receivable	1,227,448	24,586	3,375,088	768,281	-	47,921	-	5,130,115	34,853	10,608,292
- Trust receipts	236,950	40,628	624,656	256,488	-	-	-	-	53,506	1,212,228
- Claim on customers under acceptance credit	2,919,345	-	130	-	-	-	-	-	-	2,919,475
- Credit card receivables	4,751,889	-	5,449	1,218,682	-	-	-	-	-	5,976,020
- Revolving credit	8,950,638	333,808	101,099	2,674,057	-	485,566	18,016	-	637,476	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	-	-	801,115
Other assets	2,576,686	26,742	522,676	623,199	-	719,877	28,445	6	533,485	5,031,116
Amounts due from holding company and ultimate holding company	28,853	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,226,063	671	565	1,621	1	77	258	1	4,741	1,233,998
Financial guarantees	2,337,822	46,500	18,054	2,019,375	-	11,978	-	-	231,632	4,665,361
Credit related commitments and contingencies	61,943,495	1,048,464	1,480,849	7,322,612	270	87,901	524,655	3,467,391	888,711	76,764,348
Total credit exposures	279,149,715	5,839,151	31,242,212	43,535,641	3,274,691	7,011,517	5,716,141	9,985,871	10,106,273	395,861,212

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 as follows: (Continued)

	The Bank									
	31 December 2015									
	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	6,536,113	14,197	130,933	483,869	642,070	1,025,392	1,368,034	300,948	998,654	11,500,210
Reverse repurchase agreements	3,946,040	7,570	2,212	924,787	953,110	961,051	424,495	13,206	1,171,875	8,404,346
Deposits and placements with banks and other financial institutions	3,436,279	402,026	-	42,964	-	310,860	109,525	142,446	249,912	4,694,012
Financial assets held for trading										
- Money market instruments	4,051,362	146,958	-	5,041,644	54,526	-	-	-	428,649	9,723,139
- Unquoted securities	1,554,112	142,441	286,869	358,409	284,041	741,845	674,826	235,949	401,413	4,679,905
Financial investments available-for-sale										
- Money market instruments	1,217,614	975,949	-	-	-	-	258,112	-	-	2,451,675
- Unquoted securities	12,341,052	615,132	395,630	2,106,335	180,672	644,236	1,641,436	756,705	453,653	19,134,851
Financial investments held-to-maturity										
- Money market instruments	7,943,518	-	-	1,016,960	349,954	-	-	-	-	9,310,432
- Unquoted securities	9,319,606	-	-	713,732	-	-	-	-	45,454	10,078,792
Derivative financial instruments										
- Trading derivatives	4,758,772	275,064	378,136	1,312,721	315,216	885,497	97,303	-	535,247	8,557,956
- Hedging derivatives	143,296	-	-	12,022	4,094	58,030	15,598	-	17,619	250,659
Loans, advances and financing										
- Overdrafts	3,396,304	199	6,353	94,559	-	766	-	19	3,157	3,501,357
- Term loans/financing	103,949,593	2,505,239	4,660,896	21,526,090	30,729	1,080,575	786,989	794,364	4,194,232	139,528,707
- Bills receivable	752,827	33,128	7,650	795,310	-	84,886	-	996,331	49,217	2,719,349
- Trust receipts	179,332	46,822	30,645	874,251	-	-	-	-	-	1,131,050
- Claim on customers under acceptance credit	2,595,209	-	-	-	-	-	-	-	-	2,595,209
- Credit card receivables	5,054,137	-	-	1,502,599	-	-	-	-	-	6,556,736
- Revolving credit	6,773,961	256,773	881	4,702,727	-	716,905	304,719	721	1,104,032	13,860,719
- Share margin financing	776,785	-	-	-	-	-	-	-	-	776,785
Other assets	7,236,576	11,624	14,580	502,070	-	1,043,161	66,151	-	328,820	9,202,982
Amounts due from holding company and ultimate holding company	2,803	-	-	-	-	-	-	-	-	2,803
Amount due from subsidiaries	38,087	-	2,112	-	-	418	4	1	-	40,622
Amount due from related companies	1,264,210	1,016	76	3,776	2	29	33	1	827	1,269,970
Financial guarantees	2,999,091	4,238	-	6,653,760	-	72,220	118,135	10,872	96,888	9,955,204
Credit related commitments and contingencies	53,185,707	299,877	47,852	5,394,186	-	249,156	450,463	968,103	450,021	61,045,365
Total credit exposures	243,452,386	5,738,253	5,964,825	54,062,771	2,814,414	7,875,027	6,315,823	4,219,666	10,529,670	340,972,835

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2015 and 31 December 2014 are as follows: (Continued)

	The Bank 31 December 2014									
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	9,545,208	31,114	17,779	2,669,841	2,010,924	1,290,481	2,238,813	76,226	1,338,138	19,218,524
Reverse repurchase agreements	2,559,193	8,249	1,067	70,967	-	1,621,326	115,964	-	29,887	4,406,653
Deposits and placements with banks and other financial institutions	4,050,849	420,751	-	346,410	-	168,758	82,159	33,346	280,742	5,383,015
Financial assets held for trading										
- Money market instruments	4,401,106	114,005	-	4,754,653	213,079	-	-	-	-	9,482,843
- Unquoted securities	2,331,870	115,385	376,662	617,940	208,148	486,232	850,356	276,269	446,340	5,709,202
Financial investments available-for-sale										
- Money market instruments	3,428,680	204,592	-	-	-	54,302	18,033	-	56,815	3,762,422
- Unquoted securities	12,635,920	434,441	396,338	1,725,362	30,589	485,866	1,068,200	372,007	545,057	17,693,780
Financial investments held-to-maturity										
- Money market instruments	4,643,695	-	-	487,878	275,964	-	-	-	-	5,407,537
- Unquoted securities	7,012,804	-	-	795,785	-	-	26,504	-	253,486	8,088,579
Derivative financial instruments										
- Trading derivatives	3,184,364	183,576	88,439	822,715	256,664	546,354	70,652	-	585,463	5,738,227
- Hedging derivatives	196,287	-	-	4,944	1,468	34,700	12,380	-	11,203	260,982
Loans, advances and financing										
- Overdrafts	3,546,055	112	3,495	96,114	53	768	294	2	5,069	3,651,962
- Term loans/financing	93,770,189	2,803,740	1,690,243	16,019,927	32,945	788,269	653,193	629,153	3,074,134	119,461,793
- Bills receivable	1,224,515	24,586	-	768,281	-	47,921	-	5,130,115	34,853	7,230,271
- Trust receipts	218,693	40,628	43,543	256,488	-	-	-	-	-	559,352
- Claim on customers under acceptance credit	2,531,507	-	-	-	-	-	-	-	-	2,531,507
- Credit card receivables	4,643,319	-	-	1,218,682	-	-	-	-	-	5,862,001
- Revolving credit	6,636,878	333,808	-	2,674,057	-	485,566	18,016	-	637,476	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	-	-	791,876
Other assets	2,594,077	26,742	481	623,199	-	719,877	28,445	6	503,005	4,495,832
Amount due from subsidiaries	4,820	-	1,055	-	-	265	-	1	123	6,264
Amount due from related companies	1,223,005	651	159	1,621	1	77	258	1	4,741	1,230,514
Financial guarantees	2,216,657	46,500	5	2,019,375	-	11,978	-	-	32,121	4,326,636
Credit related commitments and contingencies	56,036,468	1,048,464	396,268	7,318,476	-	87,901	524,655	3,467,391	739,350	69,618,973
Total credit exposures	229,428,035	5,837,344	3,015,534	43,292,715	3,029,835	6,830,641	5,707,922	9,984,517	8,578,003	315,704,546

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows:

	The Group 31 December 2015										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets * RM'000	Total credit exposures RM'000
							Trading derivatives RM'000	Hedging derivatives RM'000			
Primary agriculture	-	-	-	31,572	294,601	25,247	77,935	-	7,735,732	-	8,165,087
Mining and quarrying	-	-	-	313,822	349,321	-	7,073	-	7,173,045	421	7,843,682
Manufacturing	-	-	-	89,923	942,513	249,066	166,028	-	12,676,194	-	14,123,724
Electricity, gas and water supply	-	-	-	350,525	2,821,253	1,103,977	164,366	-	2,277,178	2,428	6,719,727
Construction	-	-	-	304,089	2,092,828	663,743	69,203	-	7,727,923	-	10,857,786
Transport, storage and communications	-	-	-	298,610	3,213,171	1,651,180	721,739	-	8,629,408	399,533	14,913,641
Education, health and others	-	-	-	16,428	31,920	7,249	35	-	6,837,154	404	6,893,190
Wholesale and retail trade, and restaurants and hotels	-	-	-	46,581	76,041	4,809	823	-	15,106,220	-	15,234,474
Finance, insurance/takaful, real estate and business activities	8,536,014	7,507,994	1,440,564	7,890,771	9,080,679	7,699,657	8,723,277	158,006	31,757,803	10,152,181	92,946,946
<i>Others</i>											
Government and government agencies	8,596,657	202,352	-	7,664,072	4,135,872	11,506,982	428,679	-	8,943,507	105,334	41,583,455
Household	-	-	-	-	-	-	-	-	122,299,689	-	122,299,689
Others	-	1,847,935	-	788,278	3,645,585	795,788	942,827	3,971	4,274,031	868,179	13,166,594
	17,132,671	9,558,281	1,440,564	17,794,671	26,683,784	23,707,698	11,301,985	161,977	235,437,884	11,528,480	354,747,995

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows:
(Continued)

	The Group 31 December 2014										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for-sale (i) RM'000	Financial investments held-to-maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets* RM'000	Total credit exposures RM'000
							Trading derivatives RM'000	Hedging derivatives RM'000			
Primary agriculture	-	-	-	38,660	269,104	-	23,538	-	4,342,526	-	4,673,828
Mining and quarrying	-	-	-	356,454	239,773	-	928	-	5,143,851	-	5,741,006
Manufacturing	-	-	-	231,058	807,629	397,318	116,121	-	10,374,517	-	11,926,643
Electricity, gas and water supply	-	-	-	404,162	2,598,483	710,348	135,215	-	2,436,270	2,521	6,286,999
Construction	-	-	-	238,130	1,654,024	493,525	70,885	-	5,702,282	-	8,158,846
Transport, storage and communications	-	-	-	258,466	1,751,096	1,450,550	783,704	-	8,218,127	3,274	12,465,217
Education, health and others	-	-	-	8,308	21,757	-	122	-	5,492,659	-	5,522,846
Wholesale and retail trade, and restaurants and hotels	-	-	-	83,739	136,112	-	372	-	12,490,578	-	12,710,801
Finance, insurance/takaful, real estate and business activities	15,586,308	2,678,842	3,844,882	7,197,972	9,207,449	5,778,371	4,893,051	145,281	29,812,061	5,691,833	84,836,050
<i>Others</i>											
Government and government agencies	7,157,024	-	-	9,828,202	6,832,791	7,107,065	146,402	-	8,869,086	377,487	40,318,057
Household	-	-	-	-	-	-	282	-	109,377,180	-	109,377,462
Others	-	1,834,107	-	799,970	2,472,073	777,694	615,470	-	5,695,582	218,852	12,413,748
	22,743,332	4,512,949	3,844,882	19,445,121	25,990,291	16,714,871	6,786,090	145,281	207,954,719	6,293,967	314,431,503

* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Group 31 December 2015									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Primary agriculture	-	-	31,572	-	-	294,601	-	-	25,247	
Mining and quarrying	-	-	313,822	-	6,458	342,863	-	-	-	663,143
Manufacturing	-	36,717	53,204	-	102,934	839,579	-	51,316	197,752	1,281,502
Electricity, gas and water supply	69,924	23,841	256,760	13,247	39,040	2,768,967	-	-	1,103,976	4,275,755
Construction	-	42,920	261,169	-	44,548	2,048,280	-	-	663,743	3,060,660
Transport, storage and communications	-	6,680	291,931	-	814,002	2,399,169	-	414,367	1,236,812	5,162,961
Education, health and others	-	16,428	-	-	31,920	-	-	7,249	-	55,597
Wholesale and retail trade, and restaurants and hotels	-	46,581	-	-	76,041	-	-	4,809	-	127,431
Finance, insurance/takaful, real estate and business activities	4,812,878	298,002	2,779,891	533,263	1,823,512	6,723,904	1,629,557	1,911,236	4,158,864	24,671,107
<i>Others</i>										
Government and government agencies	7,172,681	234,844	256,548	2,061,408	229,800	1,844,663	8,159,206	296,778	3,050,998	23,306,926
Others	56,332	-	731,946	160,839	-	3,484,746	-	-	795,788	5,229,651
	12,111,815	706,013	4,976,843	2,768,757	3,168,255	20,746,772	9,788,763	2,685,755	11,233,180	68,186,153

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows: (Continued)

	The Group 31 December 2014									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Primary agriculture	-	-	38,660	-	-	269,104	-	-	-	
Mining and quarrying	-	-	356,454	-	-	239,773	-	-	-	596,227
Manufacturing	-	26,954	204,104	44,925	13,947	748,757	-	6,513	390,805	1,436,005
Electricity, gas and water supply	51,957	29,023	323,182	11,090	-	2,587,393	-	23,811	686,537	3,712,993
Construction	-	2,201	235,929	-	3,372	1,650,652	-	-	493,525	2,385,679
Transport, storage and communications	-	20,566	237,898	-	241,465	1,509,632	-	307,437	1,143,114	3,460,112
Education, health and others	-	8,308	-	-	21,757	-	-	-	-	30,065
Wholesale and retail trade, and restaurants and hotels	-	26,992	56,747	-	79,511	56,601	-	-	-	219,851
Finance, insurance/takaful, real estate and business activities	3,095,461	475,659	3,626,854	178,040	1,998,548	7,030,858	199,962	1,968,284	3,610,126	22,183,792
<i>Others</i>										
Government and government agencies	9,562,877	131,334	133,991	3,942,732	148,033	2,742,027	5,228,204	292,252	1,586,608	23,768,058
Others	28,376	-	771,594	-	-	2,472,074	-	-	777,693	4,049,737
	12,738,671	721,037	5,985,413	4,176,787	2,506,633	19,306,871	5,428,166	2,598,297	8,688,408	62,150,283

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Group 31 December 2015								
	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claim on customers under acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000	Share margin financing RM'000	Total credit exposures RM'000
Primary agriculture	300,050	5,837,079	51,317	47,251	249,686	123	1,250,226	-	7,735,732
Mining and quarrying	65,325	6,154,397	140,473	18,180	16,410	181	778,079	-	7,173,045
Manufacturing	630,129	6,414,326	2,481,778	553,945	1,272,108	1,785	1,322,123	-	12,676,194
Electricity, gas and water supply	15,724	2,255,647	1,529	1,689	-	114	2,475	-	2,277,178
Construction	520,556	5,840,993	158,631	46,943	112,080	1,480	1,047,240	-	7,727,923
Transport, storage and communications	169,628	6,964,708	183,305	787	11,717	824	1,298,439	-	8,629,408
Education, health and others	152,724	4,588,697	53,921	5,642	1,938	2,553	2,031,679	-	6,837,154
restaurants and hotels	1,161,183	9,255,314	1,275,030	306,221	1,315,399	4,105	1,788,968	-	15,106,220
Finance, insurance/takaful, real estate and business activities	563,585	24,804,030	507,530	14,892	58,800	37,410	5,771,556	-	31,757,803
<i>Others</i>									
Government and government agencies	-	8,943,507	-	-	-	-	-	-	8,943,507
Household	1,552,998	113,130,868	1,136	-	-	6,656,642	177,372	780,673	122,299,689
Others	33,964	1,415,211	1,423,939	841,292	-	327	559,298	-	4,274,031
	5,165,866	195,604,777	6,278,589	1,836,842	3,038,138	6,705,544	16,027,455	780,673	235,437,884

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows: (Continued)

	The Group 31 December 2014 Claim on customers under								
	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000	Share margin financing RM'000	Total credit exposures RM'000
Primary agriculture	253,964	3,259,968	101,858	37,845	170,241	110	518,540	-	4,342,526
Mining and quarrying	52,735	4,369,353	92,701	3,540	10,635	275	614,612	-	5,143,851
Manufacturing	617,908	4,379,683	2,320,036	509,417	1,259,928	1,145	1,286,400	-	10,374,517
Electricity, gas and water supply	9,370	2,216,209	6,629	1,208	678	63	202,113	-	2,436,270
Construction	535,738	3,953,917	92,907	35,238	135,227	1,020	948,235	-	5,702,282
Transport, storage and communications	153,072	6,310,846	695,268	408	10,056	591	1,047,886	-	8,218,127
Education, health and others	148,890	4,325,309	27,159	1,751	1,844	2,030	985,676	-	5,492,659
restaurants and hotels	1,112,442	7,416,929	1,104,783	339,826	1,307,394	3,155	1,205,347	702	12,490,578
Finance, insurance/takaful, real estate and business activities	524,731	20,755,433	2,998,527	10,493	23,472	27,164	5,472,241	-	29,812,061
<i>Others</i>									
Government and government agencies	-	8,869,086	-	-	-	-	-	-	8,869,086
Household	1,700,397	100,775,806	2,382	-	-	5,940,420	157,762	800,413	109,377,180
Others	87,390	1,407,753	3,166,042	272,502	-	47	761,848	-	5,695,582
	5,196,637	168,040,292	10,608,292	1,212,228	2,919,475	5,976,020	13,200,660	801,115	207,954,719

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The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows:

	The Bank 31 December 2015										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments Trading derivatives RM'000	Hedging derivatives RM'000	Loans, advances and financing (ii) RM'000	Other financial assets RM'000	Total credit exposures RM'000
Primary agriculture	-	-	-	22,073	225,990	-	77,292	-	6,427,459	-	6,752,814
Mining and quarrying	-	-	-	313,822	332,739	-	394	-	5,693,716	421	6,341,092
Manufacturing	-	-	-	53,205	754,375	197,750	137,958	-	7,651,083	-	8,794,371
Electricity, gas and water supply	-	-	-	316,605	2,633,261	917,246	110,103	-	1,598,861	2,428	5,578,504
Construction	-	-	-	261,169	1,666,154	633,637	65,906	-	6,303,318	-	8,930,184
Transport, storage and communications	-	-	-	291,930	2,150,377	717,715	702,685	-	6,570,844	399,533	10,833,084
Education, health and others	-	-	-	-	-	-	-	-	6,036,388	404	6,036,792
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	10,422,907	-	10,422,907
Finance, insurance/takaful, real estate and business activities	7,106,543	6,354,059	4,694,012	5,064,999	6,793,490	5,529,684	6,366,855	246,688	24,103,639	9,184,653	75,444,622
<i>Others</i>											
Government and government agencies	4,393,667	202,352	-	7,290,963	3,442,651	10,597,404	157,293	-	2,022,156	100,327	28,206,813
Household	-	-	-	-	-	-	-	-	90,052,472	-	90,052,472
Others	-	1,847,935	-	788,278	3,587,489	795,788	939,470	3,971	3,787,069	828,611	12,578,611
	11,500,210	8,404,346	4,694,012	14,403,044	21,586,526	19,389,224	8,557,956	250,659	170,669,912	10,516,377	269,972,266

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2015 and 31 December 2014 based on the industry sectors of the counterparty are as follows:
(Continued)

	The Bank 31 December 2014							Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets * RM'000	Total credit exposures RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Trading derivatives RM'000	Hedging derivatives RM'000				
Primary agriculture	-	-	-	19,302	197,869	-	23,349	-	3,309,005	-	3,549,525	
Mining and quarrying	-	-	-	356,454	219,588	-	865	-	4,957,775	-	5,534,682	
Manufacturing	-	-	-	204,104	747,825	390,804	106,986	-	5,666,383	-	7,116,102	
Electricity, gas and water supply	-	-	-	365,001	2,489,119	676,127	126,065	-	2,025,604	2,168	5,684,084	
Construction	-	-	-	220,791	1,330,007	493,525	70,885	-	3,955,809	-	6,071,017	
Transport, storage and communications	-	-	-	151,169	1,276,174	624,080	759,313	-	6,770,249	3,273	9,584,258	
Education, health and others	-	-	-	-	-	-	-	-	4,643,033	-	4,643,033	
Wholesale and retail trade, and restaurants and hotels	-	-	-	56,747	56,601	-	-	-	8,414,879	-	8,528,227	
Finance, insurance/takaful, real estate and business activities	16,073,119	2,572,546	5,383,015	5,584,887	6,685,957	3,770,130	3,976,141	260,982	23,479,762	5,528,865	73,315,404	
<i>Others</i>												
Government and government agencies	3,145,405	-	-	7,433,620	6,029,151	6,763,756	78,314	-	2,021,168	-	25,471,414	
Household	-	-	-	-	-	-	231	-	80,375,779	-	80,376,010	
Others	-	1,834,107	-	799,970	2,423,911	777,694	596,078	-	5,255,117	198,304	11,885,181	
	19,218,524	4,406,653	5,383,015	15,192,045	21,456,202	13,496,116	5,738,227	260,982	150,874,563	5,732,610	241,758,937	

* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial assets

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Bank						
	31 December 2015						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Primary agriculture	-	22,073	-	225,990	-	-	248,063
Mining and quarrying	-	313,822	-	332,739	-	-	646,561
Manufacturing	-	53,205	-	754,375	-	197,750	1,005,330
Electricity, gas and water supply	69,924	246,680	13,247	2,620,015	-	917,246	3,867,112
Construction	-	261,169	-	1,666,154	-	633,637	2,560,960
Transport, storage and communications	-	291,930	-	2,150,377	-	717,715	3,160,022
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-
Finance, insurance/takaful, real estate and business activities	2,562,468	2,502,532	465,423	6,328,066	1,598,833	3,930,851	17,388,173
<i>Others</i>							
Government and government agencies	7,034,415	256,548	1,812,166	1,630,485	7,711,599	2,885,805	21,331,018
Others	56,332	731,946	160,839	3,426,650	-	795,788	5,171,555
	9,723,139	4,679,905	2,451,675	19,134,851	9,310,432	10,078,792	55,378,794

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows: (Continued)

	The Bank						
	31 December 2014						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	-	19,302	-	197,869	-	-	217,171
Mining and quarrying	-	356,454	-	219,588	-	-	576,042
Manufacturing	-	204,104	44,925	702,899	-	390,805	1,342,733
Electricity, gas and water	51,957	313,044	11,090	2,478,029	-	676,127	3,530,247
Construction	-	220,791	-	1,330,007	-	493,525	2,044,323
Transport, storage and communications	-	151,169	-	1,276,174	-	624,080	2,051,423
Wholesale and retail trade, and restaurants and hotels	-	56,747	-	56,601	-	-	113,348
Finance, insurance/takaful, real estate and business activities	2,102,881	3,482,006	169,536	6,516,422	199,961	3,570,168	16,040,974
<i>Others</i>							
Government and government agencies	7,299,630	133,991	3,536,871	2,492,280	5,207,576	1,556,179	20,226,527
Others	28,375	771,594	-	2,423,911	-	777,695	4,001,575
	9,482,843	5,709,202	3,762,422	17,693,780	5,407,537	8,088,579	50,144,363

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Bank 31 December 2015									
	Claim on customers under									
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	178,042	4,869,798	6,499	47,251	239,461	123	1,086,285	-	6,427,459	
Mining and quarrying	48,661	4,694,988	137,216	18,180	16,411	182	778,078	-	5,693,716	
Manufacturing	312,216	4,376,549	426,897	123,600	1,135,442	1,785	1,274,594	-	7,651,083	
Electricity, gas and water supply	4,003	1,589,463	1,529	1,277	-	114	2,475	-	1,598,861	
Construction	390,126	4,931,757	135,266	29,168	101,511	1,480	714,010	-	6,303,318	
Transport, storage and communications	122,425	5,047,604	108,496	-	3,606	824	1,287,889	-	6,570,844	
Education, health and others	92,170	3,994,231	3,425	443	1,938	2,553	1,941,628	-	6,036,388	
Wholesale and retail trade, and restaurants and hotels	652,691	6,764,816	142,791	64,484	1,076,172	4,105	1,717,848	-	10,422,907	
Finance, insurance/takaful, real estate and business activities	357,177	18,913,473	333,291	5,354	20,668	37,410	4,436,266	-	24,103,639	
<i>Others</i>										
Government and government agencies	-	2,022,156	-	-	-	-	-	-	2,022,156	
Household	1,320,977	81,384,330	-	-	-	6,508,032	62,348	776,785	90,052,472	
Others	22,869	939,542	1,423,939	841,293	-	128	559,298	-	3,787,069	
	3,501,357	139,528,707	2,719,349	1,131,050	2,595,209	6,556,736	13,860,719	776,785	170,669,912	

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows: (Continued)

	The Bank 31 December 2014								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	133,003	2,504,192	50,508	37,845	164,603	109	418,745	-	3,309,005
Mining and quarrying	36,471	4,206,218	86,155	3,540	10,505	275	614,611	-	4,957,775
Manufacturing	320,344	2,410,498	450,756	118,428	1,133,300	1,144	1,231,913	-	5,666,383
Electricity, gas and water supply	3,541	1,812,128	6,629	452	678	64	202,112	-	2,025,604
Construction	415,696	2,912,124	61,924	30,134	109,915	1,020	424,996	-	3,955,809
Transport, storage and communications	112,494	5,100,138	538,721	407	9,488	592	1,008,409	-	6,770,249
Education, health and others	92,661	3,634,648	-	313	1,817	2,031	911,563	-	4,643,033
Wholesale and retail trade, and restaurants and hotels	686,151	5,331,195	85,418	93,767	1,081,730	3,155	1,132,761	702	8,414,879
Finance, insurance/takaful, real estate and business activities	315,383	16,306,428	2,784,118	5,021	19,471	27,163	4,022,178	-	23,479,762
<i>Others</i>									
Government and government agencies	-	2,021,168	-	-	-	-	-	-	2,021,168
Household	1,478,099	72,223,439	-	-	-	5,826,401	56,666	791,174	80,375,779
Others	58,119	999,617	3,166,042	269,445	-	47	761,847	-	5,255,117
	3,651,962	119,461,793	7,230,271	559,352	2,531,507	5,862,001	10,785,801	791,876	150,874,563

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group			
	31 December 2015		31 December 2014	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	23,862	1,101,762	15,028	789,454
Mining and quarrying	404,931	1,541,728	142,077	1,443,257
Manufacturing	375,758	5,355,290	385,683	5,870,786
Electricity, gas and water supply	86,893	524,268	60,684	621,567
Construction	914,200	5,033,724	531,387	5,435,280
Transport, storage and communications	197,573	1,380,305	123,578	860,037
Education, health and others	247,259	2,915,361	45,703	2,741,477
restaurants and hotels	6,355,212	6,248,927	1,879,152	10,180,053
Finance, insurance/takaful, real estate and business activities	1,628,723	9,394,364	1,411,342	9,569,345
<u>Others</u>				
Household	55,284	32,343,046	48,995	35,330,312
Others	78,473	3,437,396	21,732	3,922,781
	10,368,168	69,276,171	4,665,361	76,764,348

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows: (Continued)

	The Bank			
	31 December 2015		31 December 2014	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	23,767	805,894	14,923	646,463
Mining and quarrying	401,769	1,493,877	141,377	1,432,732
Manufacturing	333,932	4,275,733	356,881	4,778,570
Electricity, gas and water supply	53,089	279,791	27,461	457,973
Construction	824,755	3,562,724	466,438	3,889,628
Transport, storage and communications	194,396	967,652	120,632	718,726
Education, health and others	244,897	2,822,695	42,532	2,589,927
Wholesale and retail trade, and restaurants and hotels	6,135,750	5,494,707	1,694,053	9,485,849
Finance, insurance/takaful, real estate and business activities	1,615,127	8,424,059	1,398,990	8,673,479
<u>Others</u>				
Household	55,284	29,649,781	48,995	33,232,964
Others	72,438	3,268,452	14,354	3,712,663
	9,955,204	61,045,365	4,326,636	69,618,973

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets**

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

(a) Loan, advances and financing

Loans, advances and financing are summarised as follows:

	The Group 31 December 2015			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	(i)	(ii)	(iii)	
	RM'000	RM'000	RM'000	RM'000
Overdrafts	4,739,165	400,193	261,777	5,401,135
Term loans/financing	184,840,499	10,365,618	3,500,386	198,706,503
Bills receivable	6,197,490	72,162	137,077	6,406,729
Trust receipts	1,787,166	55,275	103,140	1,945,581
Claim on customers under acceptance credit	3,001,030	3,908	142,877	3,147,815
Credit card receivables	6,308,911	405,067	146,217	6,860,195
Revolving credit	16,021,504	10,092	44,480	16,076,076
Share margin financing	778,006	3,773	4,415	786,194
Total	223,673,771	11,316,088	4,340,369	239,330,228
Less: Impairment allowances				(3,892,344) *
Total net amount				235,437,884

	The Group 31 December 2014			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	(i)	(ii)	(iii)	
	RM'000	RM'000	RM'000	RM'000
Overdrafts	4,741,827	414,906	317,047	5,473,780
Term loans/financing	157,274,184	10,307,245	3,537,216	171,118,645
Bills receivable	10,601,904	22,705	75,202	10,699,811
Trust receipts	1,202,438	4,195	114,866	1,321,499
Claim on customers under acceptance credit	2,883,710	3,661	183,038	3,070,409
Credit card receivables	5,669,158	322,804	97,401	6,089,363
Revolving credit	13,193,500	8,759	42,789	13,245,048
Share margin financing	788,040	9,044	4,245	801,329
Total	196,354,761	11,093,319	4,371,804	211,819,884
Less: Impairment allowances				(3,865,165) *
Total net amount				207,954,719

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)**

Loans, advances and financing are summarised as follows: (Continued)

	The Bank 31 December 2015			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired (iii) RM'000	
	Overdrafts	3,160,808	322,374	
Term loans/financing	132,294,865	6,823,198	2,494,656	141,612,719
Bills receivable	2,706,046	1,019	29,659	2,736,724
Trust receipts	1,121,262	5,194	61,697	1,188,153
Claim on customers under acceptance credit	2,565,512	1,341	135,924	2,702,777
Credit card receivables	6,168,126	395,161	141,848	6,705,135
Revolving credit	13,856,300	454	41,691	13,898,445
Share margin financing	774,099	3,773	4,222	782,094
Total	162,647,018	7,552,514	3,124,319	173,323,851
Less: Impairment allowances				<u>(2,653,939) *</u>
Total net amount				<u>170,669,912</u>

	The Bank 31 December 2014			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired (iii) RM'000	
	Overdrafts	3,278,564	361,986	
Term loans/financing	112,618,444	6,658,102	2,418,460	121,695,006
Bills receivable	7,215,932	16,502	21,012	7,253,446
Trust receipts	551,967	2,850	67,343	622,160
Claim on customers under acceptance credit	2,502,840	-	175,165	2,678,005
Credit card receivables	5,561,943	315,496	94,486	5,971,925
Revolving credit	10,776,528	-	38,430	10,814,958
Share margin financing	778,810	9,044	4,022	791,876
Total	143,285,028	7,363,980	3,070,511	153,719,519
Less: Impairment allowances				<u>(2,844,956) *</u>
Total net amount				<u>150,874,563</u>

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired”**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank.

	The Group							
	31 December 2015				31 December 2014			
	Good	Satisfactory	No rating	Total	Good	Satisfactory	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,139,148	138,151	2,461,866	4,739,165	1,828,163	146,297	2,767,367	4,741,827
Term loans/financing	61,766,907	5,133,557	117,940,035	184,840,499	40,943,794	1,714,733	114,615,657	157,274,184
Bills receivable	4,419,761	107,143	1,670,586	6,197,490	8,517,606	142,249	1,942,049	10,601,904
Trust receipts	1,649,318	55,964	81,884	1,787,166	1,016,762	64,651	121,025	1,202,438
Claim on customers under acceptance credit	2,250,511	52,515	698,004	3,001,030	1,677,762	44,201	1,161,747	2,883,710
Credit card receivables	-	-	6,308,911	6,308,911	-	-	5,669,158	5,669,158
Revolving credit	11,946,012	443,631	3,631,861	16,021,504	7,501,226	123,725	5,568,549	13,193,500
Share margin financing	-	-	778,006	778,006	-	-	788,040	788,040
Total	84,171,657	5,930,961	133,571,153	223,673,771	61,485,313	2,235,856	132,633,592	196,354,761

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank. (Continued)

	The Bank							
	31 December 2015				31 December 2014			
	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000
Overdrafts	1,256,317	59,959	1,844,532	3,160,808	1,001,503	81,693	2,195,368	3,278,564
Term loans/financing	44,019,522	2,032,029	86,243,314	132,294,865	26,309,673	599,956	85,708,815	112,618,444
Bills receivable	1,134,985	9,179	1,561,882	2,706,046	5,408,809	9,192	1,797,931	7,215,932
Trust receipts	1,085,311	4,894	31,057	1,121,262	466,760	5,271	79,936	551,967
Claim on customers under acceptance credit	1,877,898	40,838	646,776	2,565,512	1,357,203	22,520	1,123,117	2,502,840
Credit card receivables	-	-	6,168,126	6,168,126	-	-	5,561,943	5,561,943
Revolving credit	9,837,996	392,034	3,626,270	13,856,300	5,111,794	121,711	5,543,023	10,776,528
Share margin financing	-	-	774,099	774,099	-	-	778,810	778,810
Total	59,212,029	2,538,933	100,896,056	162,647,018	39,655,742	840,343	102,788,943	143,285,028

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

53.1.4 Credit quality of financial assets (Continued)

(a) Loan, advances and financing (Continued)

(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)

Credit quality descriptions can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

No rating - Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

(ii) Loans, advances and financing that are “past due but not impaired”

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” are set out as below:

	The Group					
	31 December 2015			31 December 2014		
	Up to 1 month	> 1 to 3 months	Total	Up to 1 month	> 1 to 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	370,814	29,379	400,193	386,505	28,401	414,906
Term loans/financing	8,946,419	1,419,199	10,365,618	8,980,186	1,327,059	10,307,245
Bills receivable	68,488	3,674	72,162	20,441	2,264	22,705
Trust receipts	31,847	23,428	55,275	3,463	732	4,195
Claim on customers under acceptance credit	3,219	689	3,908	1,288	2,373	3,661
Credit card receivables	351,020	54,047	405,067	285,904	36,900	322,804
Revolving credit	997	9,095	10,092	590	8,169	8,759
Share margin financing	3,383	390	3,773	9,044	-	9,044
Total	9,776,187	1,539,901	11,316,088	9,687,421	1,405,898	11,093,319

	The Bank					
	31 December 2015			31 December 2014		
	Up to 1 month	> 1 to 3 months	Total	Up to 1 month	> 1 to 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	304,503	17,871	322,374	338,663	23,323	361,986
Term loans/financing	6,120,229	702,969	6,823,198	5,943,949	714,153	6,658,102
Bills receivable	958	61	1,019	16,222	280	16,502
Trust receipts	4,227	967	5,194	2,690	160	2,850
Claim on customers under acceptance credit	652	689	1,341	-	-	-
Credit card receivables	344,045	51,116	395,161	279,734	35,762	315,496
Revolving credit	454	-	454	-	-	-
Share margin financing	3,383	390	3,773	9,044	-	9,044
Total	6,778,451	774,063	7,552,514	6,590,302	773,678	7,363,980

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(iii) Impaired loans, advances and financing**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Total gross impaired loans	4,340,369	4,371,804	3,124,319	3,070,511
Less: Impairment allowances	(2,674,282)	(2,392,216)	(2,020,772)	(1,788,472)
Total net impaired loans	<u>1,666,087</u>	<u>1,979,588</u>	<u>1,103,547</u>	<u>1,282,039</u>

Refer to Note 7(vii) and 7(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

	The Group					
	31 December 2015			31 December 2014		
	Neither past due nor impaired (i)	Impaired	Total	Neither past due nor impaired (i)	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading						
- Money market instruments	12,111,815	-	12,111,815	12,738,671	-	12,738,671
- Quoted securities	706,013	-	706,013	721,037	-	721,037
- Unquoted securities	4,976,843	-	4,976,843	5,985,413	-	5,985,413
Financial investments available-for-sale						
- Money market instruments	2,768,757	-	2,768,757	4,176,787	-	4,176,787
- Quoted securities	3,168,255	-	3,168,255	2,506,633	-	2,506,633
- Unquoted securities	20,746,772	70,517	20,817,289	19,306,871	75,357	19,382,228
Financial investments held-to-maturity						
- Money market instruments	9,788,763	-	9,788,763	5,428,166	-	5,428,166
- Quoted securities	2,685,755	144	2,685,899	2,598,297	-	2,598,297
- Unquoted securities	11,233,180	7,030	11,240,210	8,687,473	28,461	8,715,934
Total	68,186,153	77,691	68,263,844	62,149,348	103,818	62,253,166
Less: Impairment allowance			(77,691) *			(102,883) *
Total net amount			68,186,153			62,150,283

* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows: (Continued)

	The Bank					
	31 December 2015			31 December 2014		
	Neither past due nor impaired		Total RM'000	Neither past due nor impaired		Total RM'000
(i) RM'000	Impaired RM'000	(i) RM'000		Impaired RM'000		
Financial assets held for trading						
- Money market instruments	9,723,139	-	9,723,139	9,482,843	-	9,482,843
- Unquoted securities	4,679,905	-	4,679,905	5,709,202	-	5,709,202
Financial investments available-for-sale						
- Money market instruments	2,451,675	-	2,451,675	3,762,422	-	3,762,422
- Unquoted securities	19,134,851	70,517	19,205,368	17,693,780	75,357	17,769,137
Financial investments held-to-maturity						
- Money market instruments	9,310,432	-	9,310,432	5,407,537	-	5,407,537
- Unquoted securities	10,078,792	-	10,078,792	8,088,579	-	8,088,579
Total	55,378,794	70,517	55,449,311	50,144,363	75,357	50,219,720
Less: Impairment allowance			(70,517) *			(75,357) *
Total net amount			55,378,794			50,144,363

* Impairment allowance represents allowance made against financial assets that have been impaired.

There were no financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “past due but not impaired” as at 31 December 2015 and 31 December 2014 for the Group and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired”**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies:

	31 December 2015				The Group		31 December 2014			
	Sovereign	Investment grade	Non investment grade	No rating	Total	Sovereign	Investment grade	Non investment grade	No rating	Total
		(AAA to BBB-)	(BB+ and below)				(AAA to BBB-)	(BB+ and below)		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading										
- Money market instruments	6,812,457	5,059,537	-	239,821	12,111,815	9,709,897	3,028,774	-	-	12,738,671
- Quoted securities	247,809	458,204	-	-	706,013	539,365	181,672	-	-	721,037
- Unquoted securities	169,248	3,535,442	14,415	1,257,738	4,976,843	115,958	4,285,157	135,773	1,448,525	5,985,413
Financial investments available-for-sale										
- Money market instruments	2,303,346	465,411	-	-	2,768,757	3,824,670	352,117	-	-	4,176,787
- Quoted securities	2,655,837	512,418	-	-	3,168,255	2,303,188	203,445	-	-	2,506,633
- Unquoted securities	2,056,701	16,001,803	47,453	2,640,815	20,746,772	3,543,895	13,328,968	493,598	1,940,410	19,306,871
Financial investments held-to-maturity										
- Money market instruments	9,520,901	267,862	-	-	9,788,763	5,228,204	199,962	-	-	5,428,166
- Quoted securities	2,553,629	132,126	-	-	2,685,755	2,568,268	30,029	-	-	2,598,297
- Unquoted securities	5,933,948	2,603,426	154,006	2,541,800	11,233,180	2,495,740	3,146,946	154,155	2,890,632	8,687,473
Total	32,253,876	29,036,229	215,874	6,680,174	68,186,153	30,329,185	24,757,070	783,526	6,279,567	62,149,348

The securities with no ratings mainly consist of private debt securities and commercial papers.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired” (Continued)**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies: (Continued)

	31 December 2015					The Bank		31 December 2014			
	Sovereign RM'000	Investment grade	Non investment	No rating RM'000	Total RM'000	Sovereign RM'000	Investment	Non investment	No rating RM'000	Total RM'000	
		(AAA to BBB-) RM'000	grade (BB+ and below) RM'000				grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000			
Financial assets held for trading											
- Money market instruments	6,654,272	2,829,046	-	239,821	9,723,139	7,446,650	2,036,193	-	-	9,482,843	
- Unquoted securities	169,248	3,397,361	14,415	1,098,881	4,679,905	115,958	4,008,946	135,773	1,448,525	5,709,202	
Financial investments available-for-sale											
- Money market instruments	2,009,935	441,740	-	-	2,451,675	3,418,810	343,612	-	-	3,762,422	
- Unquoted securities	1,782,832	14,663,751	47,453	2,640,815	19,134,851	3,055,740	12,204,607	493,598	1,939,835	17,693,780	
Financial investments held-to-maturity											
- Money market instruments	9,073,295	237,137	-	-	9,310,432	5,207,575	199,962	-	-	5,407,537	
- Unquoted securities	5,403,641	2,457,904	154,006	2,063,241	10,078,792	2,465,314	3,087,314	154,155	2,381,796	8,088,579	
Total	25,093,223	24,026,939	215,874	6,042,758	55,378,794	21,710,047	21,880,634	783,526	5,770,156	50,144,363	

The securities with no ratings mainly consist of private debt securities and commercial papers.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets**

Other financial assets are summarised as follows:

	The Group 31 December 2015			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired	
	RM'000	RM'000	RM'000	
Cash and short term funds	17,132,671	-	-	17,132,671
Reverse repurchase agreements	9,558,281	-	-	9,558,281
Deposits and placements with banks and other financial institutions	1,440,564	-	-	1,440,564
Other assets	10,234,586	6,695	27,054	10,268,335
Derivative financial instruments	11,463,962	-	-	11,463,962
Amount due from holding company and ultimate holding company	2,803	-	-	2,803
Amount due from related companies	1,272,717	-	-	1,272,717
Total	51,105,584	6,695	27,054	51,139,333
Less: Impairment allowances				(15,375) *
Total net amount				51,123,958

	The Group 31 December 2014			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired	
	RM'000	RM'000	RM'000	
Cash and short term funds	22,743,332	-	-	22,743,332
Reverse repurchase agreements	4,512,949	-	-	4,512,949
Deposits and placements with banks and other financial institutions	3,844,882	-	-	3,844,882
Other assets	5,025,537	4,896	6,965	5,037,398
Derivative financial instruments	6,931,371	-	-	6,931,371
Amount due from holding company and ultimate holding company	28,853	-	-	28,853
Amount due from related companies	1,233,998	-	-	1,233,998
Total	44,320,922	4,896	6,965	44,332,783
Less: Impairment allowances				(6,282) *
Total net amount				44,326,501

* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets**

Other financial assets are summarised as follows: (Continued)

	The Bank 31 December 2015			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired RM'000	
	Cash and short term funds	11,500,210	-	
Reverse repurchase agreements	8,404,346	-	-	8,404,346
Deposits and placements with banks and other financial institutions	4,694,012	-	-	4,694,012
Other assets	9,195,034	6,694	11,909	9,213,637
Derivative financial instruments	8,808,615	-	-	8,808,615
Amount due from holding company and ultimate holding company	2,803	-	-	2,803
Amount due from subsidiaries	40,622	-	-	40,622
Amount due from related companies	1,269,970	-	-	1,269,970
Total	43,915,612	6,694	11,909	43,934,215
Less: Impairment allowances				(10,655) *
Total net amount				43,923,560

	The Bank 31 December 2014			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired RM'000	
	Cash and short term funds	19,218,524	-	
Reverse repurchase agreements	4,406,653	-	-	4,406,653
Deposits and placements with banks and other financial institutions	5,383,015	-	-	5,383,015
Other assets	4,490,430	4,758	6,624	4,501,812
Derivative financial instruments	5,999,209	-	-	5,999,209
Amount due from subsidiaries	6,264	-	-	6,264
Amount due from related companies	1,230,514	-	-	1,230,514
	40,734,609	4,758	6,624	40,745,991
Less: Impairment allowances				(5,980) *
Total net amount				40,740,011

* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets****(i) Other financial assets that are “neither past due nor impaired”**

An analysis of the credit quality of the Group’s and the Bank’s other credit risk financial assets that are “neither past due nor impaired” are set out below:

	The Group									
	31 December 2015					31 December 2014				
	Sovereign	Investment grade	Non investment grade	No rating	Total	Sovereign	Investment grade	Non investment grade	No rating	Total
RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	RM'000	RM'000	RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	RM'000	RM'000	RM'000
Cash and short term funds	8,870,162	6,734,393	761	1,527,355	17,132,671	7,411,423	14,685,342	1,510	645,057	22,743,332
Reverse repurchase agreements	6,852,045	1,182,072	141,085	1,383,079	9,558,281	1,184,821	2,723,329	-	604,799	4,512,949
Deposits and placements with banks and other financial institutions	326,433	905,039	-	209,092	1,440,564	276,892	3,445,799	-	122,191	3,844,882
Other assets	267,479	4,703,160	250,424	5,013,523	10,234,586	513,729	2,479,547	-	2,032,261	5,025,537
Derivative financial instruments	8,477	8,469,764	2,045,316	940,405	11,463,962	424,668	4,621,034	1,277,632	608,037	6,931,371
Amount due from holding company and ultimate holding company	-	2,803	-	-	2,803	-	28,853	-	-	28,853
Amount due from related companies	-	2,195	-	1,270,522	1,272,717	-	18,430	-	1,215,568	1,233,998
Total	16,324,596	21,999,426	2,437,586	10,343,976	51,105,584	9,811,533	28,002,334	1,279,142	5,227,913	44,320,922

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets (Continued)****(i) Other financial assets that are “neither past due nor impaired” (Continued)**

An analysis of the credit quality of the Group’s and the Bank’s other credit risk financial assets that are “neither past due nor impaired” are set out below: (Continued)

	31 December 2015					The Bank		31 December 2014			
	Sovereign	Investment grade	Non investment	No rating	Total	Sovereign	Investment grade	Non investment	No rating	Total	
	RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	RM'000	RM'000	RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	RM'000	RM'000	
Cash and short term funds	4,609,154	5,746,673	761	1,143,622	11,500,210	3,145,456	15,448,601	670	623,797	19,218,524	
Reverse repurchase agreements	5,781,384	1,098,799	141,085	1,383,078	8,404,346	1,184,821	2,617,033	-	604,799	4,406,653	
Deposits and placements with banks and other financial institutions	261,568	4,242,400	-	190,044	4,694,012	-	5,260,824	-	122,191	5,383,015	
Other assets	129,669	3,884,522	250,424	4,930,419	9,195,034	125,574	2,274,116	-	2,090,740	4,490,430	
Derivative financial instruments	8,414	6,006,797	1,933,349	860,055	8,808,615	419,171	3,926,505	1,247,649	405,884	5,999,209	
Amount due from holding company and ultimate holding company	-	2,803	-	-	2,803	-	-	-	-	-	
Amount due from subsidiaries	-	34,171	-	6,451	40,622	-	3,004	-	3,260	6,264	
Amount due from related companies	-	678	-	1,269,292	1,269,970	-	16,926	-	1,213,588	1,230,514	
Total	10,790,189	21,016,843	2,325,619	9,782,961	43,915,612	4,875,022	29,547,009	1,248,319	5,064,259	40,734,609	

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.1 Credit risk (Continued)****53.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets (Continued)****(ii) Other financial assets that are “past due but not impaired”**

An age analysis of other financial assets that are “past due but not impaired” are set out as below:

	The Group					
	31 December 2015			31 December 2014		
	Up to 1 month	> 1 to 3 months	Total	Up to 1 month	> 1 to 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other assets	2,353	4,342	6,695	1,351	3,545	4,896
Total	2,353	4,342	6,695	1,351	3,545	4,896

	The Bank					
	31 December 2015			31 December 2014		
	Up to 1 month	> 1 to 3 months	Total	Up to 1 month	> 1 to 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other assets	2,353	4,341	6,694	1,242	3,516	4,758
Total	2,353	4,341	6,694	1,242	3,516	4,758

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.1 Credit risk (Continued)

53.1.5 Repossessed collateral

The Group obtained assets by taking possession of collateral held as security as follows:

	The Group	
	Carrying amount	
	31 December	31 December
	2015	2014
Nature of assets	RM'000	RM'000
Industrial and residential properties and development land	114,987	154,541

Reposessed collaterals are sold as soon as practicable. The Group does not utilise the reposessed collaterals for its business use.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.2 Market risk

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

Market Risk Management (MRM)

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee (GMRC) and Group Underwriting Committee (GUC) ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC, GMRC and GUC, supported by the Market Risk Centre of Excellence in GRD is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

CIMB Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/profit rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

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53 Financial Risk Management (Continued)

53.2 Market risk (Continued)

Market Risk Management (MRM) (Continued)

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2015 is shown in table 53.2.1.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest/profit. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee and GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, the Market Risk Centre of Excellence undertakes the monitoring and oversight process at Treasury & Markets trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.2 Market risk (Continued)

Market Risk Management (MRM) (Continued)

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group		The Bank *	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Foreign exchange risk	9,289	2,181	9,696	1,664
Interest rate risk	13,744	15,970	11,973	14,289
Equity risk	1,963	1,404	1,963	1,404
Commodity risk	485	2	485	2
Total	25,481	19,557	24,117	17,359
Total shareholder's fund	31,666,302	27,984,872	26,693,983	23,861,001
Percentage over shareholder's funds	0.08%	0.07%	0.09%	0.07%

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Group 31 December 2015						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial assets									
Cash and short-term funds	14,574,190	-	-	-	-	-	5,614,641	-	20,188,831
Reverse repurchase agreements	6,431,060	1,732,174	-	-	1,086,230	275,727	33,090	-	9,558,281
Deposits and placements with banks and other financial institutions	2,176	996,429	182,369	214,797	-	-	44,793	-	1,440,564
Financial assets held for trading	-	-	-	-	-	-	-	18,435,955	18,435,955
Financial investments available-for-sale	(i) 132,713	269,593	672,888	1,425,548	10,049,647	13,909,147	1,551,113	-	28,010,649
Financial investments held-to-maturity	(i) 110,198	576,375	355,046	1,609,547	9,724,770	11,100,474	231,288	-	23,707,698
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	11,301,985	11,301,985
- Hedging derivatives	1,803	4,299	3,962	9,119	117,511	25,283	-	-	161,977
Loans, advances and financing	(i) 177,942,066	13,222,571	3,942,593	1,689,473	23,024,044	15,617,137	-	-	235,437,884
Other assets	695,099	130,584	92,071	427,898	2,391,724	-	6,515,584	-	10,252,960
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	2,803	-	2,803
Amount due from related companies	-	-	-	-	-	-	1,272,717	-	1,272,717
Total financial assets	199,889,305	16,932,025	5,248,929	5,376,382	46,393,926	40,927,768	15,266,029	29,737,940	359,772,304

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Group 31 December 2015						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	125,110,924	47,510,419	25,360,132	33,609,696	2,408,118	837,500	28,465,475	-	263,302,264
Placements from investment accounts	226,728	-	-	-	-	-	5,988	-	232,716
Deposits and placements of banks and other financial institutions	8,057,108	6,382,594	2,803,880	3,347,536	1,006,047	291,938	173,649	-	22,062,752
Repurchase agreements	795,857	5,439,846	205,354	605,279	532,154	275,727	51,702	-	7,905,919
Financial liabilities designated at fair value	149,048	458,145	1,177,577	-	3,055,455	546,158	21,014	(454,626)	4,952,771
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	11,274,807	11,274,807
- Hedging derivatives	881	27,788	9,969	56,119	442,757	68,213	-	-	605,727
Bills and acceptances payable	847,493	49,232	25,950	619	61,098	-	39,904	-	1,024,296
Amount due to related companies	-	-	-	-	-	-	24,652	-	24,652
Other liabilities	734,964	-	-	-	-	-	5,761,158	-	6,496,122
Recourse obligation on loans and financing sold to Cagamas	-	-	-	-	852,225	957,106	8,485	-	1,817,816
Bonds and debentures	553,494	1,580,186	855,033	1,395,836	5,406,700	-	77,406	-	9,868,655
Other borrowings	-	-	-	214,650	2,532,870	-	5,272	-	2,752,792
Subordinated obligations	-	-	250,097	1,349,893	7,850,370	1,557,440	161,804	-	11,169,604
Total financial liabilities	136,476,497	61,448,210	30,687,992	40,579,628	24,147,794	4,534,082	34,796,509	10,820,181	343,490,893
Net interest sensitivity gap	63,412,808	(44,516,185)	(25,439,063)	(35,203,246)	22,246,132	36,393,686		18,917,759	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	10,368,168	-	10,368,168
Credit related commitments and contingencies	-	-	-	-	-	-	69,276,171	-	69,276,171
Treasury related commitments and contingencies (hedging)	936,666	1,251,223	6,087,558	2,238,206	17,043,472	8,484,664	-	-	36,041,789
Net interest sensitivity gap	936,666	1,251,223	6,087,558	2,238,206	17,043,472	8,484,664	79,644,339	-	115,686,128

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

Note	The Group 31 December 2014							Trading book RM'000	Total RM'000
	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	20,381,632	-	-	-	-	-	5,074,423	-	25,456,055
Reverse repurchase agreements	2,677,753	1,566,974	-	244,755	-	-	23,467	-	4,512,949
Deposits and placements with banks and other financial institutions	1,894,471	1,626,881	102,826	17	-	-	220,687	-	3,844,882
Financial assets held for trading	-	-	-	-	-	-	-	22,718,087	22,718,087
Financial investments available-for-sale (i)	81,605	128,237	125,173	468,191	10,666,807	14,273,385	1,789,937	-	27,533,335
Financial investments held-to-maturity (i)	179,028	914,810	107,637	531,973	6,900,142	7,915,567	165,714	-	16,714,871
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	6,786,090	6,786,090
- Hedging derivatives	10,028	8,021	18,550	35,139	17,772	55,771	-	-	145,281
Loans, advances and financing (i)	156,046,993	12,560,256	4,983,340	4,078,721	15,547,676	14,737,733	-	-	207,954,719
Other assets	-	-	84,266	-	907,792	-	4,039,058	-	5,031,116
Amount due from ultimate holding company	-	-	-	-	-	-	28,853	-	28,853
Amount due from related companies	-	-	-	-	-	-	1,233,998	-	1,233,998
Total financial assets	181,271,510	16,805,179	5,421,792	5,358,796	34,040,189	36,982,456	12,576,137	29,504,177	321,960,236

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Group 31 December 2014							Trading book RM'000	Total RM'000
	Non-trading book						Non-interest sensitive RM'000		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	131,987,703	34,732,925	18,668,211	19,421,245	4,685,902	1,521,497	24,249,671	-	235,267,154
Deposits and placements of banks and other financial institutions	12,275,433	9,019,491	7,092,018	1,991,461	698,834	222,288	117,797	-	31,417,322
Repurchase agreements	504,356	2,523,504	1,784,097	121,426	792,288	-	10,168	-	5,735,839
Financial liabilities designated at fair value	218,736	226,176	282,135	-	2,200,084	1,068,861	16,138	(321,429)	3,690,701
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	7,076,459	7,076,459
- Hedging derivatives	9,803	37,205	91,997	16,052	140,409	186,874	-	-	482,340
Bills and acceptances payable	1,237,180	173,936	43,692	73	62,868	-	39,160	-	1,556,909
Amount due to related companies	-	-	-	-	-	-	40,783	-	40,783
Other liabilities	-	-	-	-	-	-	3,718,645	-	3,718,645
Bonds and debentures	537,888	79,183	1,128,220	-	4,253,784	-	15,396	-	6,014,471
Other borrowings	-	-	-	349,650	2,377,620	-	3,472	-	2,730,742
Subordinated obligations	-	-	-	1,004,851	3,886,411	5,024,162	153,185	-	10,068,609
Redeemable preference shares	-	-	-	725,935	-	-	7,587	-	733,522
Total financial liabilities	146,771,099	46,792,420	29,090,370	23,630,693	19,098,200	8,023,682	28,372,002	6,755,030	308,533,496
Net interest sensitivity gap	34,500,411	(29,987,241)	(23,668,578)	(18,271,897)	14,941,989	28,958,774		22,749,147	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,665,361	-	4,665,361
Credit related commitments and contingencies	-	-	-	-	-	-	76,764,348	-	76,764,348
Treasury related commitments and contingencies (hedging)	1,005,406	754,028	3,233,671	1,795,820	11,760,397	11,383,652	-	-	29,932,974
Net interest sensitivity gap	1,005,406	754,028	3,233,671	1,795,820	11,760,397	11,383,652	81,429,709	-	111,362,683

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

	The Group 31 December 2015						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	129,183	117,655	128,929	-	469,079	1,907,704	16,207	2,768,757
- Quoted securities	-	125,267	264,173	213,014	2,105,315	435,024	44,869	3,187,662
- Unquoted securities	3,530	26,671	279,786	1,212,534	7,475,253	11,566,419	1,490,037	22,054,230
Financial investments held-to-maturity								
- Money market instruments	-	90,897	-	681,274	4,080,852	4,851,894	83,846	9,788,763
- Quoted securities	-	322,373	109,631	742,727	1,422,313	64,757	23,954	2,685,755
- Unquoted securities	110,198	163,105	245,415	185,546	4,221,605	6,183,823	123,488	11,233,180
Loans, advances and financing								
- Overdrafts	5,165,866	-	-	-	-	-	-	5,165,866
- Term loans/financing	148,091,301	8,479,062	2,010,621	1,265,163	22,734,147	13,024,483	-	195,604,777
- Bills receivable	3,247,797	2,287,052	689,319	54,421	-	-	-	6,278,589
- Trust receipts	1,059,831	439,705	333,993	3,313	-	-	-	1,836,842
- Claim on customers under acceptance credit	1,067,927	1,513,589	451,345	5,277	-	-	-	3,038,138
- Credit card receivables	6,705,544	-	-	-	-	-	-	6,705,544
- Revolving credit	11,823,127	503,163	457,315	361,299	289,897	2,592,654	-	16,027,455
- Share margin financing	780,673	-	-	-	-	-	-	780,673
Total	178,184,977	14,068,539	4,970,527	4,724,568	42,798,461	40,626,758	1,782,401	287,156,231

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows: (Continued)

	The Group 31 December 2014						Non-interest sensitive RM'000	Total RM'000
	← Up to 1 month RM'000	> 1 – 3 months RM'000	Non-trading book		> 1 – 5 years RM'000	→ Over 5 years RM'000		
		> 3 – 6 months RM'000	> 6 – 12 months RM'000					
Financial investments available-for-sale								
- Money market instruments	73,076	47,913	54,302	48,624	1,444,427	2,481,459	26,986	4,176,787
- Quoted securities	-	-	-	51,404	2,420,356	17,298	100,797	2,589,855
- Unquoted securities	8,529	80,324	70,871	368,163	6,802,024	11,774,628	1,662,154	20,766,693
Financial investments held-to-maturity								
- Money market instruments	-	-	-	104,134	1,851,719	3,420,336	51,977	5,428,166
- Quoted securities	154,024	318,888	-	79,532	1,994,439	26,571	24,843	2,598,297
- Unquoted securities	25,004	595,922	107,637	348,307	3,053,984	4,468,660	88,894	8,688,408
Loans, advances and financing								
- Overdrafts	5,196,637	-	-	-	-	-	-	5,196,637
- Term loans/financing	129,549,994	6,747,993	1,637,594	1,955,664	14,939,720	13,209,327	-	168,040,292
- Bills receivable	3,598,032	2,930,203	2,062,478	2,017,579	-	-	-	10,608,292
- Trust receipts	590,783	378,406	238,173	3,670	1,196	-	-	1,212,228
- Claim on customers under acceptance credit	1,191,577	1,221,379	503,154	3,365	-	-	-	2,919,475
- Credit card receivables	5,976,020	-	-	-	-	-	-	5,976,020
- Revolving credit	9,142,835	1,282,275	541,941	98,443	606,760	1,528,406	-	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	801,115
Total	156,307,626	13,603,303	5,216,150	5,078,885	33,114,625	36,926,685	1,955,651	252,202,925

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Bank 31 December 2015									
	←		Non-trading book					→		Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000		
Financial assets										
Cash and short-term funds	10,068,413	-	-	-	-	-	4,090,973	-	14,159,386	
Reverse repurchase agreements	5,277,219	1,732,174	-	-	1,086,230	275,727	32,996	-	8,404,346	
Deposits and placements with banks and other financial institutions	2,611,324	1,492,641	182,369	398,003	-	-	9,675	-	4,694,012	
Financial assets held for trading	-	-	-	-	-	-	-	14,951,772	14,951,772	
Financial investments available-for-sale	(i) 129,183	144,326	408,715	1,138,949	6,952,651	12,633,487	1,426,728	-	22,834,039	
Financial investments held-to-maturity	(i) 110,198	254,002	245,415	841,787	7,832,310	9,919,150	186,362	-	19,389,224	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	8,557,956	8,557,956	
- Hedging derivatives	1,803	4,299	3,741	8,972	206,560	25,284	-	-	250,659	
Loans, advances and financing	(i) 138,238,450	10,947,581	2,948,833	737,995	10,349,562	7,447,491	-	-	170,669,912	
Other assets	695,099	130,584	92,071	427,898	2,391,724	-	5,465,606	-	9,202,982	
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	2,803	-	2,803	
Amount due from subsidiaries	-	-	-	-	-	-	40,622	-	40,622	
Amount due from related companies	-	-	-	-	-	-	1,269,970	-	1,269,970	
Total financial assets	157,131,689	14,705,607	3,881,144	3,553,604	28,819,037	30,301,139	12,525,735	23,509,728	274,427,683	

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Bank 31 December 2015							Trading book RM'000	Total RM'000
	Non-trading book						Non-interest sensitive RM'000		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	89,352,218	34,794,984	18,536,141	25,199,125	1,796,333	673,567	27,921,280	-	198,273,648
Deposits and placements of banks and other financial institutions	6,877,930	6,115,881	2,607,812	3,274,222	962,217	291,938	46,311	-	20,176,311
Repurchase agreements	779,203	5,439,846	205,354	605,279	532,154	275,727	51,697	-	7,889,260
Financial liabilities designated at fair value	-	-	-	-	2,849,135	546,158	12,617	(558,988)	2,848,922
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	8,629,688	8,629,688
- Hedging derivatives	881	27,788	9,969	56,119	305,795	67,694	-	-	468,246
Bills and acceptances payable	613,250	48,233	24,594	410	-	-	-	-	686,487
Amount due to subsidiaries	-	-	-	-	-	-	34,647	-	34,647
Amount due to related company	-	-	-	-	-	-	15,561	-	15,561
Other liabilities	669,469	-	-	-	-	-	4,707,332	-	5,376,801
Recourse obligation on loans and financing sold to Cagamas	-	-	-	-	352,225	957,106	6,117	-	1,315,448
Bonds and debentures	320,358	190,818	140,722	945,125	4,906,700	-	72,349	-	6,576,072
Other borrowing	-	-	-	214,650	2,532,870	-	5,272	-	2,752,792
Subordinated obligations	-	-	-	1,349,893	7,551,424	151,339	64,411	-	9,117,067
Total financial liabilities	98,613,309	46,617,550	21,524,592	31,644,823	21,788,853	2,963,529	32,937,594	8,070,700	264,160,950
Net interest sensitivity gap	58,518,380	(31,911,943)	(17,643,448)	(28,091,219)	7,030,184	27,337,610		15,439,028	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	9,955,204	-	9,955,204
Credit related commitments and contingencies	-	-	-	-	-	-	61,045,365	-	61,045,365
Treasury related commitments and contingencies (hedging)	936,666	1,251,223	5,837,558	2,738,206	19,963,298	8,464,852	-	-	39,191,803
Net interest sensitivity gap	936,666	1,251,223	5,837,558	2,738,206	19,963,298	8,464,852	71,000,569	-	110,192,372

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity date: (Continued)

Note	The Bank 31 December 2014							Trading book RM'000	Total RM'000
	←	Non-trading book					→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	17,197,495	-	-	-	-	-	4,237,604	-	21,435,099
Reverse repurchase agreements	2,571,468	1,566,974	-	244,755	-	-	23,456	-	4,406,653
Deposits and placements with banks and other financial institutions	1,855,762	3,404,255	101,386	874	-	-	20,738	-	5,383,015
Financial assets held for trading	-	-	-	-	-	-	-	18,390,932	18,390,932
Financial investments available-for-sale	(i) 78,075	108,248	125,173	396,827	7,383,169	13,155,703	1,522,637	-	22,769,832
Financial investments held-to-maturity	(i) 25,004	595,045	107,637	452,441	4,864,113	7,321,178	130,698	-	13,496,116
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	5,738,227	5,738,227
- Hedging derivatives	10,028	8,021	18,550	35,139	109,637	79,607	-	-	260,982
Loans, advances and financing	(i) 118,279,326	10,636,941	3,588,246	3,135,483	9,494,751	5,739,816	-	-	150,874,563
Other assets	-	-	84,266	-	1,059,897	-	3,351,669	-	4,495,832
Amount due from subsidiaries	-	-	-	-	-	-	6,264	-	6,264
Amount due from related companies	-	-	-	-	-	-	1,230,514	-	1,230,514
Total financial assets	140,017,158	16,319,484	4,025,258	4,265,519	22,911,567	26,296,304	10,523,580	24,129,159	248,488,029

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Bank 31 December 2014						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	← Up to 1 month RM'000	> 1 – 3 months RM'000	Non-trading book > 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	96,164,403	22,764,783	13,498,960	14,780,253	2,280,407	1,352,918	23,478,843	-	174,320,567
Deposits and placements of banks and other financial institutions	11,397,959	10,017,543	7,086,645	2,054,327	698,516	222,288	61,025	-	31,538,303
Repurchase agreements	504,356	2,523,504	1,784,097	121,426	792,288	-	10,168	-	5,735,839
Financial liabilities designated at fair value	-	-	-	-	2,041,700	1,068,860	10,756	(394,924)	2,726,392
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	6,099,384	6,099,384
- Hedging derivatives	9,803	37,205	91,997	16,052	216,407	130,961	-	-	502,425
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	-	761,214
Amount due to subsidiaries	-	-	-	-	-	-	126,290	-	126,290
Amount due to related company	-	-	-	-	-	-	23,250	-	23,250
Other liabilities	-	-	-	-	-	-	3,296,105	-	3,296,105
Bonds and debentures	157,343	-	-	-	3,753,785	-	10,618	-	3,921,746
Other borrowings	-	-	-	349,650	2,377,620	-	3,472	-	2,730,742
Subordinated obligations	-	-	-	1,730,786	3,335,769	3,695,221	71,500	-	8,833,276
Total financial liabilities	108,862,406	35,431,942	22,505,391	19,052,567	15,496,492	6,470,248	27,092,027	5,704,460	240,615,533
Net interest sensitivity gap	31,154,752	(19,112,458)	(18,480,133)	(14,787,048)	7,415,075	19,826,056		18,424,699	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,326,636	-	4,326,636
Credit related commitments and contingencies	-	-	-	-	-	-	69,618,973	-	69,618,973
Treasury related commitments and contingencies (hedging)	1,005,406	754,028	3,233,671	1,795,820	21,196,983	8,367,517	-	-	36,353,425
Net interest sensitivity gap	1,005,406	754,028	3,233,671	1,795,820	21,196,983	8,367,517	73,945,609	-	110,299,034

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows:

	The Bank 31 December 2015						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	129,183	117,655	128,929	-	351,277	1,711,757	12,874	2,451,675
- Quoted securities	-	-	-	-	-	-	94	94
- Unquoted securities	-	26,671	279,786	1,138,949	6,601,374	10,921,730	1,413,760	20,382,270
Financial investments held-to-maturity								
- Money market instruments	-	90,897	-	681,274	3,906,635	4,553,138	78,488	9,310,432
- Unquoted securities	110,198	163,105	245,415	160,513	3,925,675	5,366,012	107,874	10,078,792
Loans, advances and financing								
- Overdrafts	3,501,357	-	-	-	-	-	-	3,501,357
- Term loans/financing	114,217,992	8,249,735	1,680,661	449,651	10,075,833	4,854,835	-	139,528,707
- Bills receivable	1,133,465	1,104,221	440,181	41,482	-	-	-	2,719,349
- Trust receipts	857,589	146,024	127,437	-	-	-	-	1,131,050
- Claim on customers under acceptance credit	928,609	1,248,996	412,325	5,279	-	-	-	2,595,209
- Credit card receivables	6,556,736	-	-	-	-	-	-	6,556,736
- Revolving credit	10,265,917	198,605	288,229	241,583	273,729	2,592,656	-	13,860,719
- Share margin financing	776,785	-	-	-	-	-	-	776,785
Total	138,477,831	11,345,909	3,602,963	2,718,731	25,134,523	30,000,128	1,613,090	212,893,175

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows: (Continued)

	The Bank 31 December 2014						Non-interest sensitive RM'000	Total RM'000
	← Up to 1 month RM'000	> 1 – 3 months RM'000	Non-trading book > 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	→ Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	73,076	47,914	54,302	28,665	1,375,216	2,159,152	24,097	3,762,422
- Quoted securities	-	-	-	-	-	-	99	99
- Unquoted securities	4,999	60,334	70,871	368,162	6,007,953	10,996,551	1,498,441	19,007,311
Financial investments held-to-maturity								
- Money market instruments	-	-	-	104,134	1,838,660	3,412,844	51,899	5,407,537
- Unquoted securities	25,004	595,045	107,637	348,307	3,025,453	3,908,334	78,799	8,088,579
Loans, advances and financing								
- Overdrafts	3,651,962	-	-	-	-	-	-	3,651,962
- Term loans/financing	97,305,581	6,518,998	1,179,960	1,004,395	9,238,815	4,214,044	-	119,461,793
- Bills receivable	1,647,222	1,896,286	1,680,740	2,006,023	-	-	-	7,230,271
- Trust receipts	409,432	88,043	61,877	-	-	-	-	559,352
- Claim on customers under acceptance credit	1,009,947	1,045,609	472,586	3,365	-	-	-	2,531,507
- Credit card receivables	5,862,001	-	-	-	-	-	-	5,862,001
- Revolving credit	7,601,305	1,088,005	193,083	121,700	255,936	1,525,772	-	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	791,876
Total	118,382,405	11,340,234	3,821,056	3,984,751	21,742,033	26,216,697	1,653,335	187,140,511

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	31 December 2015		31 December 2014	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	(6,688)	6,688	(90,424)	90,424

	The Bank			
	31 December 2015		31 December 2014	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	91,748	(91,748)	(10,760)	10,760

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	31 December 2015		31 December 2014	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to revaluation reserve-financial investments available-for-sale	(2,209,237)	2,209,237	(1,391,521)	1,391,521

	The Bank			
	31 December 2015		31 December 2014	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to revaluation reserve-financial investments available-for-sale	(2,030,525)	2,030,525	(1,222,459)	1,222,459

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank:

	The Group											Total non-MYR RM'000	Grand total RM'000	
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000			Others RM'000
Financial assets														
Cash and short-term funds	11,933,386	16,065	282,959	282,906	4,406,310	28,856	1,518,973	56,021	285,123	65,516	670,727	641,989	8,255,445	20,188,831
Reverse repurchase agreements	816,866	-	1,153,935	2,143,496	5,292,089	35,737	87,734	421	-	23,270	4,733	-	8,741,415	9,558,281
Deposits and placements with banks and other financial institutions	168,295	-	39,765	298	808,262	-	127,545	-	99,496	127,712	66,527	2,664	1,272,269	1,440,564
Financial assets held for trading														
- Money market instruments	6,431,780	-	-	5,041,645	195,722	-	-	428,649	-	14,019	-	-	5,680,035	12,111,815
- Quoted securities	203,590	1	706,013	7,293	19,529	9,721	47,379	-	-	2,692	166,910	26,784	986,322	1,189,912
- Unquoted securities	1,356,864	-	-	414,759	3,070,759	25,550	-	-	159,894	38,888	67,514	-	3,777,364	5,134,228
Financial investments available-for-sale														
- Money market instruments	1,319,599	-	-	-	1,241,444	-	117,655	-	-	90,059	-	-	1,449,158	2,768,757
- Quoted securities	-	-	3,187,568	94	-	-	-	-	-	-	-	-	3,187,662	3,187,662
- Unquoted securities	14,059,521	40,036	4,043	2,051,773	5,400,887	105,684	58,830	-	232,561	100,895	-	-	7,994,709	22,054,230
Financial investments held-to-maturity														
- Money market instruments	8,421,849	-	-	1,022,178	344,736	-	-	-	-	-	-	-	1,366,914	9,788,763
- Quoted securities	-	-	2,676,138	-	-	-	-	-	-	-	-	9,617	2,685,755	2,685,755
- Unquoted securities	10,505,807	-	-	713,732	13,641	-	-	-	-	-	-	-	727,373	11,233,180
Derivative financial instruments														
- Trading derivatives	148,794	-	816,840	159,337	10,001,315	12,625	23,651	69,194	3,848	49,385	12,448	4,548	11,153,191	11,301,985
- Hedging derivatives	6,599	-	1,813	30,599	90,615	-	2,095	-	17,887	2,625	9,744	-	155,378	161,977
Loans, advances and financing														
- Overdrafts	3,993,313	-	830,818	86,826	254,909	-	-	-	-	-	-	-	1,172,553	5,165,866
- Term loans/financing	135,843,093	-	16,747,206	17,895,189	19,386,857	358,627	4,437,434	175,021	-	601,758	159,592	-	59,761,684	195,604,777
- Bills receivable	92,216	-	3,504,567	237,571	2,003,819	1,198	24,371	9,402	391,544	10,259	692	2,950	6,186,373	6,278,589
- Trust receipts	157,481	-	255,093	36,187	1,350,030	-	19,994	1,677	-	15,059	1,321	-	1,679,361	1,836,842
- Claim on customers under acceptance credit	3,038,138	-	-	-	-	-	-	-	-	-	-	-	-	3,038,138
- Credit card receivables	5,165,269	-	37,478	1,502,599	198	-	-	-	-	-	-	-	1,540,275	6,705,544
- Revolving credit	6,711,316	-	115,024	3,811,541	4,110,072	8,974	868,018	263,570	8,448	54,207	72,776	3,509	9,316,139	16,027,455
- Share margin financing	780,673	-	-	-	-	-	-	-	-	-	-	-	-	780,673
Other assets	4,160,647	-	276,606	225,450	5,257,268	359	4,382	28	-	1,263	9,293	317,664	6,092,313	10,252,960
Amount due from ultimate holding company	2,803	-	-	-	-	-	-	-	-	-	-	-	-	2,803
Amount due from related companies	1,272,717	-	-	-	-	-	-	-	-	-	-	-	-	1,272,717
	216,590,616	56,102	30,635,866	35,663,473	63,248,462	587,331	7,338,061	1,003,983	1,198,801	1,197,607	1,242,277	1,009,725	143,181,688	359,772,304

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

	The Group 31 December 2015												Total non- MYR	Grand total
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	RM'000	RM'000
Financial liabilities														
Deposits from customers	168,943,857	41	20,180,586	25,047,643	41,871,724	1,136,551	2,390,348	506,018	941,396	818,837	820,070	645,193	94,358,407	263,202,264
Placements from investment accounts	232,716	-	-	-	-	-	-	-	-	-	-	-	-	232,716
Deposits and placements of banks and other financial institutions	5,565,492	-	1,736,873	2,740,392	7,876,637	773,390	2,005,367	232,324	93,908	449,709	346,918	241,742	16,497,260	22,062,752
Repurchase agreements	5,892,607	-	16,658	1,576,805	419,849	-	-	-	-	-	-	-	2,013,312	7,905,919
Derivatives financial instruments														
- Trading derivatives	221,815	-	469,727	146,540	10,216,354	16,486	8,753	47,019	726	85,785	19,390	42,212	11,052,992	11,274,807
- Hedging derivatives	310,342	-	-	10,986	277,497	-	43	-	-	5,815	1,044	-	295,385	605,727
Bills and acceptances payable	618,043	-	337,666	58,266	10,301	-	20	-	-	-	-	-	406,253	1,024,296
Amount due to related companies	16,743	-	5,543	8	2,335	-	-	-	-	-	23	-	7,909	24,652
Other liabilities	2,678,007	14,123	844,031	343,362	2,596,586	604	1,960	646	1,997	2,989	4,995	6,822	3,818,115	6,496,122
Recourse obligation on loans and financing sold to Cagamas	1,817,816	-	-	-	-	-	-	-	-	-	-	-	-	1,817,816
Other borrowings	-	-	-	-	2,752,792	-	-	-	-	-	-	-	2,752,792	2,752,792
Bonds and debentures	500,161	-	2,792,422	359,638	2,991,394	330,488	-	-	142,337	140,736	2,611,479	-	9,368,494	9,868,655
Subordinated obligations	10,379,687	-	789,917	-	-	-	-	-	-	-	-	-	789,917	11,169,604
Financial liabilities designated at fair value	2,885,608	-	1,904,786	162,377	-	-	-	-	-	-	-	-	2,067,163	4,952,771
	200,062,894	14,164	29,078,209	30,446,017	69,015,469	2,257,519	4,406,491	786,007	1,180,364	1,503,871	3,803,919	935,969	143,427,999	343,490,893
Financial guarantees	1,894,316	-	122,001	464,814	7,472,318	240	113,798	3,700	529	20,731	246	275,475	8,473,852	10,368,168
Credit related commitments and contingencies	55,324,663	-	1,052,025	1,982,575	9,107,134	4,996	1,104,709	84,046	51,545	40,799	501,504	22,175	13,951,508	69,276,171
	57,218,979	-	1,174,026	2,447,389	16,579,452	5,236	1,218,507	87,746	52,074	61,530	501,750	297,650	22,425,360	79,644,339

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

	The Group 31 December 2014												Total non- MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000		
Financial assets														
Cash and short-term funds	10,162,767	33,615	433,042	235,767	11,726,249	158,793	605,131	225,385	573,425	354,593	57,259	890,029	15,293,288	25,456,055
Reverse repurchase agreements	1,380,192	-	106,296	950,515	1,995,938	9,997	64,846	-	-	969	4,196	-	3,132,757	4,512,949
Deposits and placements with banks and other financial institutions	2,134,605	-	57,958	295	1,185,830	-	54,636	-	398,826	-	12,176	556	1,710,277	3,844,882
Financial assets held for trading														
- Money market instruments	7,656,935	-	-	4,823,978	243,373	1,263	-	-	-	13,122	-	-	5,081,736	12,738,671
- Quoted securities	837,415	24,851	721,037	45,087	783,695	4,360	-	-	-	306,402	1,138,475	-	3,023,907	3,861,322
- Unquoted securities	1,663,370	-	-	406,535	3,726,900	10,361	-	-	283,369	27,559	-	-	4,454,724	6,118,094
Financial investments available-for-sale														
- Money market instruments	3,770,816	-	-	-	276,821	-	111,117	-	-	-	18,033	-	405,971	4,176,787
- Quoted securities	-	-	2,589,756	99	-	-	-	-	-	-	-	-	2,589,855	2,589,855
- Unquoted securities	14,683,106	35,876	4,075	1,751,273	3,765,188	81,546	-	-	353,029	92,537	-	63	6,083,587	20,766,693
Financial investments held-to-maturity														
- Money market instruments	4,664,324	-	-	482,886	280,956	-	-	-	-	-	-	-	763,842	5,428,166
- Quoted securities	-	-	2,585,289	-	-	-	-	-	-	-	-	13,008	2,598,297	2,598,297
- Unquoted securities	7,478,142	-	934	1,209,332	-	-	-	-	-	-	-	-	1,210,266	8,688,408
Derivative financial instruments														
- Trading derivatives	669,044	3,631	812,999	41,564	4,941,957	23,503	8,638	44,557	3,242	18,721	24,027	194,207	6,117,046	6,786,090
- Hedging derivatives	23,423	-	1,379	35,449	67,696	-	5,176	-	4,853	3,733	3,571	1	121,858	145,281
Loans, advances and financing														
- Overdrafts	4,104,897	-	797,594	91,122	203,024	-	-	-	-	-	-	-	1,091,740	5,196,637
- Term loans/financing	122,187,022	-	14,484,785	12,766,067	14,608,094	232,495	2,271,590	143,443	-	1,186,036	160,760	-	45,853,270	168,040,292
- Bills receivable	21,592	-	3,312,906	145,301	3,320,951	-	38,050	5,464	1,949,895	6,597	2,088	1,805,448	10,586,700	10,608,292
- Trust receipts	197,787	-	219,398	27,064	730,900	3,561	5,882	2,217	535	22,819	-	2,065	1,014,441	1,212,228
- Claim on customers under acceptance credit	2,919,345	-	130	-	-	-	-	-	-	-	-	-	130	2,919,475
- Credit card receivables	4,751,889	-	5,449	1,218,682	-	-	-	-	-	-	-	-	1,224,131	5,976,020
- Revolving credit	6,938,192	-	101,099	2,116,814	3,027,947	52,422	807,031	148,122	-	936	8,097	-	6,262,468	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	-	-	-	-	-	-	801,115
Other assets	1,800,849	-	425,004	526,505	2,069,336	80	2,376	157	-	2,020	-	204,789	3,230,267	5,031,116
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,225,765	158	373	5,702	686	-	1,314	-	-	-	-	-	8,233	1,233,998
	200,101,445	98,131	26,659,503	26,880,037	52,955,541	578,381	3,975,787	569,345	3,567,174	1,729,642	596,609	4,248,641	121,858,791	321,960,236

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

		The Group 31 December 2014											Total non- MYR	Grand total
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	RM'000	RM'000
Financial liabilities														
Deposits from customers	161,957,887	49	19,522,773	24,340,643	24,330,089	966,471	1,228,179	236,248	75,992	850,976	264,705	1,493,142	73,309,267	235,267,154
Deposits and placements of banks and other financial institutions	7,680,454	-	818,277	1,782,819	15,425,100	624,061	1,988,503	470,804	1,939,209	238,045	10,036	440,014	23,736,868	31,417,322
Repurchase agreements	2,686,486	-	-	792,288	2,257,065	-	-	-	-	-	-	-	3,049,353	5,735,839
Derivatives financial instruments														
- Trading derivatives	614,898	51,776	666,215	70,649	5,496,386	23,796	3,778	48,271	285	16,142	1,564	82,699	6,461,561	7,076,459
- Hedging derivatives	155,958	-	-	11,478	305,133	-	540	-	9	7,462	1,760	-	326,382	482,340
Bills and acceptances payable	666,565	-	795,579	33,143	61,605	-	17	-	-	-	-	-	890,344	1,556,909
Amount due to related companies	37,124	-	1,070	-	327	-	-	-	-	-	-	2,262	3,659	40,783
Other liabilities	1,987,360	425,249	214,788	315,220	671,695	268	32,841	2,248	2	12,300	13,922	42,752	1,731,285	3,718,645
Other borrowings	-	-	-	-	2,730,742	-	-	-	-	-	-	-	2,730,742	2,730,742
Bonds and debentures	500,121	-	1,592,604	52,231	1,445,824	288,320	-	-	-	-	2,135,371	-	5,514,350	6,014,471
Subordinated obligations	9,362,809	-	705,800	-	-	-	-	-	-	-	-	-	705,800	10,068,609
Financial liabilities designated at fair value	2,711,589	-	814,474	164,638	-	-	-	-	-	-	-	-	979,112	3,690,701
Redeemable preference shares	733,522	-	-	-	-	-	-	-	-	-	-	-	-	733,522
	189,094,773	477,074	25,131,580	27,563,109	52,723,966	1,902,916	3,253,858	757,571	2,015,497	1,124,925	2,427,358	2,060,869	119,438,723	308,533,496
Financial guarantees	1,726,713	-	33,676	414,795	2,456,097	624	11,553	306	451	19,028	73	2,043	2,938,640	4,665,361
Credit related commitments and contingencies	58,070,183	-	862,244	4,106,305	9,562,735	33,265	687,905	116,444	3,126,463	123,468	40,576	34,760	18,694,165	76,764,348
	59,796,896	-	895,920	4,521,100	12,018,832	33,889	699,458	116,750	3,126,914	142,496	40,649	36,803	21,632,811	81,429,709

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.2 Market risk (Continued)

53.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

		The Bank 31 December 2015												Total non-MYR	Grand total
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000		RM'000	
Financial assets															
Cash and short-term funds	7,808,168	14,929	17,880	278,039	3,130,362	27,289	1,251,220	54,322	289,613	54,711	668,460	564,393	6,351,218	14,159,386	
Reverse repurchase agreements	816,866	-	-	2,143,496	5,292,089	35,737	87,734	421	-	23,270	4,733	-	7,587,480	8,404,346	
Deposits and placements with banks and other financial institutions	3,226,612	-	-	-	1,046,125	-	127,545	-	99,496	127,707	66,527	-	1,467,400	4,694,012	
Financial assets held for trading															
- Money market instruments	4,043,104	-	-	5,041,645	195,722	-	-	428,649	-	14,019	-	-	5,680,035	9,723,139	
- Quoted securities	203,590	1	-	7,293	19,529	9,721	47,379	-	-	2,692	166,910	26,784	280,309	483,899	
- Unquoted securities	1,304,008	-	-	414,759	2,734,121	25,550	-	-	159,894	38,888	67,514	-	3,440,726	4,744,734	
Financial investments available-for-sale															
- Money market instruments	1,026,200	-	-	-	1,217,761	-	117,655	-	-	90,059	-	-	1,425,475	2,451,675	
- Quoted securities	-	-	-	94	-	-	-	-	-	-	-	-	94	94	
- Unquoted securities	12,441,441	40,036	-	2,051,082	5,351,810	105,684	58,830	-	232,561	100,826	-	-	7,940,829	20,382,270	
Financial investments held-to-maturity															
- Money market instruments	7,943,518	-	-	1,022,178	344,736	-	-	-	-	-	-	-	1,366,914	9,310,432	
- Unquoted securities	9,319,606	-	-	713,732	45,454	-	-	-	-	-	-	-	759,186	10,078,792	
Derivative financial instruments															
- Trading derivatives	756,187	-	337,652	180,382	7,170,379	9,361	23,647	40,301	3,848	21,844	12,360	1,995	7,801,769	8,557,956	
- Hedging derivatives	135,132	-	-	30,599	52,577	-	2,095	-	17,887	2,625	9,744	-	115,527	250,659	
Loans, advances and financing															
- Overdrafts	3,402,290	-	-	86,826	12,241	-	-	-	-	-	-	-	99,067	3,501,357	
- Term loans/financing	98,447,238	-	-	17,895,189	17,636,102	358,627	4,437,434	175,021	-	419,504	159,592	-	41,081,469	139,528,707	
- Bills receivable	88,694	-	-	237,571	1,957,198	1,198	24,371	8,945	390,947	6,783	692	2,950	2,630,655	2,719,349	
- Trust receipts	132,080	-	-	34,910	942,407	-	19,658	818	-	1,177	-	-	998,970	1,131,050	
- Claim on customers under acceptance credit	2,595,209	-	-	-	-	-	-	-	-	-	-	-	2,595,209	2,595,209	
- Credit card receivables	5,054,137	-	-	1,502,599	-	-	-	-	-	-	-	-	1,502,599	6,556,736	
- Revolving credit	4,659,604	-	-	3,811,541	4,110,072	8,974	868,018	263,570	8,448	54,207	72,776	3,509	9,201,115	13,860,719	
- Share margin financing	776,785	-	-	-	-	-	-	-	-	-	-	-	776,785	776,785	
Other assets	4,151,203	-	-	225,209	4,493,663	359	4,381	-	-	1,262	9,292	317,613	5,051,779	9,202,982	
Amount due from holding company and ultimate holding company															
	2,803	-	-	-	-	-	-	-	-	-	-	-	-	2,803	
Amount due from subsidiaries															
	31,306	-	6,748	-	-	726	162	-	-	1,680	-	-	9,316	40,622	
Amount due from related companies															
	1,269,970	-	-	-	-	-	-	-	-	-	-	-	-	1,269,970	
	169,635,751	54,966	362,280	35,677,144	55,752,348	583,226	7,070,129	972,047	1,202,694	961,254	1,238,600	917,244	104,791,932	274,427,683	
Financial liabilities															
Deposits from customers	126,658,606	39	22,003	25,044,812	39,581,592	1,123,240	2,388,123	246,201	941,396	803,744	820,070	643,822	71,615,042	198,273,648	
Deposits and placements of banks and other financial institutions															
	6,721,591	-	-	2,741,461	6,832,538	773,390	1,842,922	213,992	93,908	367,849	346,918	241,742	13,454,720	20,176,311	
Repurchase agreements	5,892,606	-	-	1,576,805	419,849	-	-	-	-	-	-	-	1,996,654	7,889,260	
Derivatives financial instruments															
- Trading derivatives	694,198	-	345,573	150,910	7,347,577	13,286	8,730	29,928	726	17,796	19,338	1,626	7,935,490	8,629,688	
- Hedging derivatives	173,380	-	-	10,986	276,978	-	43	-	-	5,815	1,044	-	294,866	468,246	
Bills and acceptances payable	618,043	-	-	58,266	10,178	-	-	-	-	-	-	-	68,444	686,487	
Amount due to subsidiaries	14,267	-	-	9,625	-	-	-	-	-	-	10,755	-	20,380	34,647	
Amount due to related companies	13,560	-	-	-	1,978	-	-	-	-	-	23	-	2,001	15,561	
Other liabilities	2,450,510	14,122	60	343,362	2,549,121	458	1,960	646	1,997	2,977	4,995	6,593	2,926,291	5,376,801	
Recourse obligation on loans and financing sold to Cagamas															
	1,315,448	-	-	-	-	-	-	-	-	-	-	-	-	1,315,448	
Other borrowings	-	-	-	-	2,752,792	-	-	-	-	-	-	-	2,752,792	2,752,792	
Bonds and debentures	-	-	-	359,638	2,991,394	330,488	-	-	142,337	140,736	2,611,479	-	6,576,072	6,576,072	
Subordinated notes	9,117,067	-	-	-	-	-	-	-	-	-	-	-	-	9,117,067	
Financial liabilities designated at fair value	2,686,545	-	-	162,377	-	-	-	-	-	-	-	-	162,377	2,848,922	
	156,355,821	14,161	367,636	30,458,242	62,763,997	2,240,862	4,241,778	490,767	1,180,364	1,338,917	3,814,622	893,783	107,805,129	264,160,950	
Financial guarantees															
	1,724,278	-	110,914	464,814	7,241,322	240	113,798	3,058	529	20,530	246	275,475	8,230,926	9,955,204	
Credit related commitments and contingencies															
	48,787,164	-	-	1,982,575	8,501,613	4,996	1,103,545	80,102	51,545	18,971	501,504	13,350	12,258,201	61,045,365	
	50,511,442	-	110,914	2,447,389	15,742,935	5,236	1,217,343	83,160	52,074	39,501	501,750	288,825	20,489,127	71,000,569	

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

		The Bank												
		31 December 2014												
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	7,311,479	31,754	24,237	231,307	11,279,364	156,273	378,625	218,540	567,630	350,287	56,242	829,361	14,123,620	21,435,099
Reverse repurchase agreements	1,380,192	-	-	950,515	1,995,938	9,997	64,846	-	-	969	4,196	-	3,026,461	4,406,653
Deposits and placements with banks and other financial institutions	3,941,042	-	-	-	1,030,982	-	-	-	398,815	-	12,176	-	1,441,973	5,383,015
Financial assets held for trading														
- Money market instruments	4,401,107	-	-	4,823,978	243,373	1,263	-	-	-	13,122	-	-	5,081,736	9,482,843
- Quoted securities	837,415	24,851	-	45,087	783,695	4,360	-	-	-	-	306,402	1,138,475	2,302,870	3,140,285
- Unquoted securities	1,486,566	-	-	406,535	3,553,414	10,361	-	-	283,369	27,559	-	-	4,281,238	5,767,804
Financial investments available-for-sale														
- Money market instruments	3,376,202	-	-	-	257,070	-	111,117	-	-	-	18,033	-	386,220	3,762,422
- Quoted securities	-	-	-	99	-	-	-	-	-	-	-	-	99	99
- Unquoted securities	13,064,392	35,876	-	1,750,671	3,629,259	81,546	-	-	353,029	92,538	-	-	5,942,919	19,007,311
Financial investments held-to-maturity														
- Money market instruments	4,643,695	-	-	482,886	280,956	-	-	-	-	-	-	-	763,842	5,407,537
- Unquoted securities	6,879,247	-	-	1,209,332	-	-	-	-	-	-	-	-	1,209,332	8,088,579
Derivative financial instruments														
- Trading derivatives	823,833	3,631	310,586	41,560	4,279,250	17,537	8,589	34,697	3,242	18,533	24,027	172,742	4,914,394	5,738,227
- Hedging derivatives	140,503	-	-	35,449	67,696	-	5,176	-	4,853	3,733	3,571	1	120,479	260,982
Loans, advances and financing														
- Overdrafts	3,552,303	-	-	91,122	8,537	-	-	-	-	-	-	-	99,659	3,651,962
- Term loans/financing	89,037,825	-	-	12,766,067	13,885,256	232,495	2,271,590	143,443	-	964,357	160,760	-	30,423,968	119,461,793
- Bills receivable	18,659	-	-	145,301	3,262,904	-	38,050	5,464	1,948,980	3,377	2,088	1,805,448	7,211,612	7,230,271
- Trust receipts	183,048	-	-	27,064	336,574	3,561	5,206	1,273	-	2,626	-	-	376,304	559,352
- Claim on customers under acceptance credit	2,531,507	-	-	-	-	-	-	-	-	-	-	-	2,531,507	2,531,507
- Credit card receivables	4,643,319	-	-	1,218,682	-	-	-	-	-	-	-	-	1,218,682	5,862,001
- Revolving credit	4,626,003	-	-	2,116,814	3,026,376	52,422	807,031	148,122	-	936	8,097	-	6,159,798	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	-	-	-	-	-	791,876	791,876
Other assets	1,818,765	-	669	526,492	1,940,509	80	2,376	134	-	2,020	-	204,787	2,677,067	4,495,832
Amount due from subsidiaries	2,158	1	48	-	4,057	-	-	-	-	-	-	-	4,106	6,264
Amount due from related companies	1,223,374	8	116	5,702	-	-	1,314	-	-	-	-	-	7,140	1,230,514
	156,714,510	96,121	335,656	26,874,663	49,865,210	569,895	3,693,920	551,673	3,559,918	1,480,057	595,592	4,150,814	91,773,519	248,488,029
Financial liabilities														
Deposits from customers	122,257,517	49	36,359	24,336,616	22,680,783	965,074	1,227,080	155,447	75,992	830,299	264,705	1,490,646	52,063,050	174,320,567
Deposits and placements of banks and other financial institutions	7,654,253	-	-	1,784,757	16,306,434	624,061	2,260,798	467,982	1,939,570	238,045	10,036	252,367	23,884,050	31,538,303
Repurchase agreements	2,686,486	-	-	792,288	2,257,065	-	-	-	-	-	-	-	3,049,553	5,735,839
Derivatives financial instruments														
- Trading derivatives	767,884	51,776	283,781	70,015	4,815,009	17,835	3,768	35,881	285	16,011	1,564	35,575	5,331,500	6,099,384
- Hedging derivatives	185,721	-	-	11,477	295,456	-	540	-	9	7,462	1,760	-	316,704	502,425
Bills and acceptances payable	666,565	-	-	33,143	61,506	-	-	-	-	-	-	-	94,649	761,214
Amount due to subsidiaries	22,350	-	-	22,714	81,226	-	-	-	-	-	-	-	103,940	126,290
Amount due to related companies	20,987	-	-	-	1	-	-	-	-	-	-	2,262	2,263	23,250
Other liabilities	1,868,509	425,247	121	315,214	583,035	127	32,840	2,248	2	12,247	13,922	42,593	1,427,596	3,296,105
Other borrowings	-	-	-	-	2,730,742	-	-	-	-	-	-	-	2,730,742	2,730,742
Bonds and debentures	-	-	-	52,231	1,445,824	288,320	-	-	-	-	2,135,371	-	3,921,746	3,921,746
Subordinated notes	8,099,754	-	-	-	733,522	-	-	-	-	-	-	-	733,522	8,833,276
Financial liabilities designated at fair value	2,561,754	-	-	164,638	-	-	-	-	-	-	-	-	164,638	2,726,392
	146,791,780	477,072	320,261	27,583,093	51,990,603	1,895,417	3,525,026	661,558	2,015,858	1,104,064	2,427,358	1,823,443	93,823,753	240,615,533
Financial guarantees	1,605,550	-	15,627	414,795	2,256,910	624	11,553	306	451	18,705	73	2,042	2,721,086	4,326,636
Credit related commitments and contingencies	52,328,526	-	-	4,106,120	9,120,539	33,265	683,316	88,610	3,126,418	74,226	40,576	17,377	17,290,447	69,618,973
	53,934,076	-	15,627	4,520,915	11,377,449	33,889	694,869	88,916	3,126,869	92,931	40,649	19,419	20,011,533	73,945,609

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.2 Market risk (Continued)****53.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group's and the Bank's profit and reserves to movement in foreign exchange rates:

	The Group			
	31 December 2015		31 December 2014	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(decrease) RM'000	Increase/(decrease) RM'000	Increase/(decrease) RM'000	Increase/(decrease) RM'000
Impact to profit (after tax)	10,804	(10,804)	4,277	(4,277)
Impact to reserves	(26,859)	26,859	(44,862)	44,862

	The Bank			
	31 December 2015		31 December 2014	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(decrease) RM'000	Increase/(decrease) RM'000	Increase/(decrease) RM'000	Increase/(decrease) RM'000
Impact to profit (after tax)	12,040	(12,040)	3,695	(3,695)
Impact to reserves	(26,859)	26,859	(44,862)	44,862

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Group a large stable funding base.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee (Country ALCO) which subsequently report to Group ALCO (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group. The Asset- Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by the Group is governed by a set of established liquidity risk appetite and thresholds. Limits and Management Action Triggers (MATs) have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Framework is subjected to regular review; assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis and complied with internal risk thresholds and regulatory requirements for liquidity risk.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.3 Liquidity risk (Continued)

The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR) which took effect from June 2015 in Malaysia. The purpose of the LCR is to promote short term liquidity risk resilience by ensuring that the Group has sufficient unencumbered high quality liquid assets to meet its liquidity needs for a 30-day combined liquidity crisis scenario. In addition, the Group also performs a consolidated stress test, including liquidity stress test, on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and hair cuts for marketable securities, are documented. The LCR and stress test results are submitted to the Country and Group ALCOs, the Group Risk Committee, and the Board Risk Committees / Board of Directors of the Group. The LCR and stress test results to date have indicated that the Group has sufficient liquidity capacity to meet the liquidity requirements under stated stress test conditions.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

	The Group 31 December 2015							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	20,188,831	-	-	-	-	-	-	20,188,831
Reverse repurchase agreements	6,439,139	1,746,066	-	4,409	1,088,060	280,607	-	9,558,281
Deposits and placements with banks and other financial institutions	138,668	996,745	182,416	122,735	-	-	-	1,440,564
Financial assets held for trading	3,668,703	5,011,414	2,756,551	449,529	3,571,449	2,337,025	641,284	18,435,955
Financial investments available-for-sale	310,619	290,485	696,997	1,160,941	9,786,384	14,438,358	1,326,865	28,010,649
Financial investments held-to-maturity	337,808	579,936	355,163	1,609,547	9,724,770	11,100,474	-	23,707,698
Derivative financial instruments	125,179	964,953	1,199,958	1,331,174	5,587,248	2,255,450	-	11,463,962
Loans, advances and financing	23,361,839	6,966,328	6,161,693	4,648,738	52,451,861	141,847,425	-	235,437,884
Other assets	7,074,439	94,987	181,488	513,133	2,953,710	39,828	-	10,857,585
Deferred taxation	-	-	-	-	-	-	289,940	289,940
Tax recoverable	9,612	-	-	-	-	-	-	9,612
Statutory deposits with central banks	-	-	-	-	-	-	7,699,798	7,699,798
Investment in joint venture	-	-	-	-	-	-	162,775	162,775
Investment in associate	-	-	-	-	-	-	798,095	798,095
Amount due from holding company and ultimate holding company	2,803	-	-	-	-	-	-	2,803
Amount due from related companies	1,272,717	-	-	-	-	-	-	1,272,717
Goodwill	-	-	-	-	-	-	5,114,235	5,114,235
Intangible assets	-	-	-	-	-	-	1,061,134	1,061,134
Prepaid lease payments	-	-	-	-	-	-	689	689
Property, plant and equipment	-	-	-	-	-	-	787,671	787,671
Investment properties	-	-	-	-	-	-	1,120	1,120
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	4,575	4,575
Total assets	62,930,357	16,650,914	11,534,266	9,840,206	85,163,482	172,299,167	17,888,181	376,306,573

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Group							Total RM'000
	31 December 2015							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	153,588,123	47,513,536	25,360,369	33,599,340	2,403,131	837,765	-	263,302,264
Placements from investment accounts	232,716	-	-	-	-	-	-	232,716
Deposits and placements of banks and other financial institutions	8,242,684	7,108,529	3,962,997	1,741,334	715,270	291,938	-	22,062,752
Repurchase agreements	838,664	5,445,360	206,171	607,366	532,631	275,727	-	7,905,919
Derivative financial instruments	224,589	1,055,321	1,177,208	1,355,768	6,220,337	1,847,311	-	11,880,534
Bills and acceptances payable	887,397	49,232	25,950	619	61,098	-	-	1,024,296
Financial liabilities designated at fair value	19,689	-	-	-	3,677,725	1,255,357	-	4,952,771
Amount due to related companies	24,652	-	-	-	-	-	-	24,652
Other liabilities	6,668,178	181,719	149	67	12,621	114	-	6,862,848
Recourse obligation on loans and financing sold to Cagamas	8,485	-	-	-	852,225	957,106	-	1,817,816
Deferred taxation	-	-	-	-	-	-	2,490	2,490
Provision for taxation and Zakat	147,739	-	-	-	-	-	-	147,739
Bonds and debentures	539,606	1,581,364	945,148	1,395,836	5,406,701	-	-	9,868,655
Other borrowings	5,272	-	-	214,650	2,532,870	-	-	2,752,792
Subordinated obligations	161,804	-	250,097	1,349,893	7,850,370	1,557,440	-	11,169,604
Total liabilities	171,589,598	62,935,061	31,928,089	40,264,873	30,264,979	7,022,758	2,490	344,007,848
Net liquidity gap	(108,659,241)	(46,284,147)	(20,393,823)	(30,424,667)	54,898,503	165,276,409	17,885,691	

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Group 31 December 2014							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	25,456,055	-	-	-	-	-	-	25,456,055
Reverse repurchase agreements	2,698,697	1,569,497	-	244,755	-	-	-	4,512,949
Deposits and placements with banks and other financial institutions	2,549,445	1,190,116	105,321	-	-	-	-	3,844,882
Financial assets held for trading	3,189,196	6,313,416	2,714,980	888,983	3,126,947	3,288,499	3,196,066	22,718,087
Financial investments available-for-sale	284,602	146,091	125,192	468,768	10,687,968	14,284,495	1,536,219	27,533,335
Financial investments held-to-maturity	305,140	921,571	107,637	667,346	6,939,311	7,773,866	-	16,714,871
Derivative financial instruments	565,893	561,752	604,675	998,764	2,797,020	1,403,267	-	6,931,371
Loans, advances and financing	26,946,503	8,654,994	7,651,543	6,808,806	40,791,904	117,100,969	-	207,954,719
Other assets	4,425,229	10,165	141,314	647	1,162,612	90,025	-	5,829,992
Deferred taxation	-	-	-	-	-	-	191,246	191,246
Tax recoverable	3,601	-	-	-	-	-	-	3,601
Statutory deposits with central banks	-	-	-	-	-	-	6,839,444	6,839,444
Investment in joint venture	-	-	-	-	-	-	161,188	161,188
Investment in associate	-	-	-	-	-	-	785,797	785,797
Amount due from holding company and ultimate holding company	12,155	-	697	1,366	4,378	10,257	-	28,853
Amount due from related companies	1,233,998	-	-	-	-	-	-	1,233,998
Goodwill	-	-	-	-	-	-	4,965,324	4,965,324
Intangible assets	-	-	-	-	-	-	1,074,429	1,074,429
Prepaid lease payments	-	-	-	-	-	-	855	855
Property, plant and equipment	-	-	-	-	-	-	854,725	854,725
Investment properties	-	-	-	-	-	-	4,000	4,000
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	9,858	9,858
Total assets	67,670,514	19,367,602	11,451,359	10,079,435	65,510,140	143,951,378	19,619,151	337,649,579

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Group							Total RM'000
	31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	156,211,106	35,176,315	18,934,616	18,746,620	4,677,000	1,521,497	-	235,267,154
Deposits and placements of banks and other financial institutions	12,437,005	8,973,534	7,093,958	1,991,693	698,844	222,288	-	31,417,322
Repurchase agreements	505,317	2,528,233	1,788,486	121,515	792,288	-	-	5,735,839
Derivative financial instruments	699,664	532,301	777,308	1,144,630	3,348,047	1,056,849	-	7,558,799
Bills and acceptances payable	1,276,055	174,222	43,692	72	62,868	-	-	1,556,909
Financial liabilities designated at fair value	2,445	1,701	193	-	2,388,423	1,297,939	-	3,690,701
Amount due to related companies	40,783	-	-	-	-	-	-	40,783
Other liabilities	4,144,584	-	-	-	-	-	-	4,144,584
Deferred taxation	-	-	-	-	-	-	2,346	2,346
Provision for taxation and Zakat	121,491	-	-	-	-	-	-	121,491
Bonds and debentures	517,065	87,111	1,140,677	15,832	4,253,786	-	-	6,014,471
Other borrowings	3,472	-	-	349,650	2,377,620	-	-	2,730,742
Subordinated obligations	150,962	-	2,222	1,004,852	3,886,411	5,024,162	-	10,068,609
Redeemable preference shares	7,587	-	-	725,935	-	-	-	733,522
Total liabilities	176,117,536	47,473,417	29,781,152	24,100,799	22,485,287	9,122,735	2,346	309,083,272
Net liquidity gap	(108,447,022)	(28,105,815)	(18,329,793)	(14,021,364)	43,024,853	134,828,643	19,616,805	

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank 31 December 2015							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	14,159,386	-	-	-	-	-	-	14,159,386
Reverse repurchase agreements	5,285,204	1,746,066	-	4,409	1,088,060	280,607	-	8,404,346
Deposits and placements with banks and other financial institutions	2,712,699	1,492,957	182,416	305,940	-	-	-	4,694,012
Financial assets held for trading	3,172,417	4,050,728	1,740,089	400,221	2,770,056	2,269,534	548,727	14,951,772
Financial investments available-for-sale	262,056	165,218	432,824	874,342	6,689,388	13,162,698	1,247,513	22,834,039
Financial investments held-to-maturity	292,883	257,563	245,531	841,787	7,832,310	9,919,150	-	19,389,224
Derivative financial instruments	436,657	556,890	577,385	1,056,522	4,663,547	1,517,614	-	8,808,615
Loans, advances and financing	18,217,674	3,877,867	5,067,934	3,647,415	35,773,816	104,085,206	-	170,669,912
Other assets	6,252,177	93,317	141,730	458,439	2,861,492	39,434	-	9,846,589
Deferred taxation	-	-	-	-	-	-	141,458	141,458
Statutory deposits with central banks	-	-	-	-	-	-	6,139,925	6,139,925
Investment in subsidiaries	-	-	-	-	-	-	4,674,129	4,674,129
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	305,584	305,584
Amount due from holding company and ultimate holding company	2,803	-	-	-	-	-	-	2,803
Amount due from subsidiaries	40,622	-	-	-	-	-	-	40,622
Amount due from related companies	1,269,970	-	-	-	-	-	-	1,269,970
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	942,964	942,964
Property, plant and equipment	-	-	-	-	-	-	443,981	443,981
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	375	375
Total assets	52,104,548	12,240,606	8,387,909	7,589,075	61,678,669	131,274,243	18,124,731	291,399,781

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM'000
	31 December 2015							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	117,279,561	34,800,032	18,537,855	25,191,019	1,791,349	673,832	-	198,273,648
Deposits and placements of banks and other financial institutions	6,936,167	6,841,816	3,766,929	1,668,020	671,441	291,938	-	20,176,311
Repurchase agreements	822,003	5,445,360	206,171	607,367	532,632	275,727	-	7,889,260
Derivative financial instruments	520,892	657,879	527,254	1,029,055	5,100,343	1,262,511	-	9,097,934
Bills and acceptances payable	613,250	48,233	24,594	410	-	-	-	686,487
Financial liabilities designated at fair value	12,617	-	-	-	2,503,062	333,243	-	2,848,922
Amount due to subsidiaries	34,647	-	-	-	-	-	-	34,647
Amount due to related companies	15,561	-	-	-	-	-	-	15,561
Other liabilities	5,424,572	163,134	-	-	-	-	-	5,587,706
Recourse obligation on loans and financing sold to Cagamas	6,117	-	-	-	352,225	957,106	-	1,315,448
Provision for taxation and Zakat	104,203	-	-	-	-	-	-	104,203
Bonds and debentures	302,591	190,819	230,837	945,125	4,906,700	-	-	6,576,072
Other borrowings	5,272	-	-	214,650	2,532,870	-	-	2,752,792
Subordinated obligations	64,410	-	-	1,349,893	7,551,424	151,340	-	9,117,067
Total liabilities	132,141,863	48,147,273	23,293,640	31,005,539	25,942,046	3,945,697	-	264,476,058
Net liquidity gap	(80,037,315)	(35,906,667)	(14,905,731)	(23,416,464)	35,736,623	127,328,546	18,124,731	

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM'000
	31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	21,435,099	-	-	-	-	-	-	21,435,099
Reverse repurchase agreements	2,592,401	1,569,497	-	244,755	-	-	-	4,406,653
Deposits and placements with banks and other financial institutions	2,256,083	3,018,768	108,164	-	-	-	-	5,383,015
Financial assets held for trading	2,299,311	5,107,109	1,199,054	800,510	2,572,609	3,216,274	3,196,065	18,390,932
Financial investments available-for-sale	256,440	126,101	125,192	396,827	7,387,475	13,162,261	1,315,536	22,769,832
Financial investments held-to-maturity	140,474	597,857	107,637	587,611	4,883,391	7,179,146	-	13,496,116
Derivative financial instruments	484,820	446,703	487,803	934,084	2,585,435	1,060,364	-	5,999,209
Loans, advances and financing	22,340,114	5,923,614	6,307,191	5,823,287	27,271,748	83,208,609	-	150,874,563
Other assets	3,909,256	10,026	114,345	-	1,139,769	90,025	-	5,263,421
Deferred taxation	-	-	-	-	-	-	69,009	69,009
Statutory deposits with central banks	-	-	-	-	-	-	5,125,836	5,125,836
Investment in subsidiaries	-	-	-	-	-	-	5,036,252	5,036,252
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	318,329	318,329
Amount due from subsidiaries	6,264	-	-	-	-	-	-	6,264
Amount due from related companies	1,230,514	-	-	-	-	-	-	1,230,514
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	956,067	956,067
Property, plant and equipment	-	-	-	-	-	-	502,102	502,102
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	5,658	5,658
Total assets	56,950,776	16,799,675	8,449,386	8,787,074	45,840,427	107,916,679	20,204,929	264,948,946

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM'000
	31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	119,620,730	23,194,735	13,758,110	14,126,458	2,267,616	1,352,918	-	174,320,567
Deposits and placements of banks and other financial institutions	11,509,795	9,964,834	7,088,523	2,054,347	698,516	222,288	-	31,538,303
Repurchase agreements	505,317	2,528,233	1,788,486	121,515	792,288	-	-	5,735,839
Derivative financial instruments	619,705	403,363	650,143	1,041,302	3,122,676	764,620	-	6,601,809
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	761,214
Financial liabilities designated at fair value	-	-	-	-	1,839,702	886,690	-	2,726,392
Amount due to subsidiaries	126,290	-	-	-	-	-	-	126,290
Amount due to related companies	23,250	-	-	-	-	-	-	23,250
Other liabilities	3,437,224	-	-	-	-	-	-	3,437,224
Provision for taxation and Zakat	101,553	-	-	-	-	-	-	101,553
Bonds and debentures	167,962	-	-	-	3,753,784	-	-	3,921,746
Other borrowings	3,472	-	-	349,650	2,377,620	-	-	2,730,742
Subordinated obligations	71,500	-	-	1,730,786	3,335,769	3,695,221	-	8,833,276
Total liabilities	136,815,340	36,180,072	23,328,954	19,424,131	18,187,971	6,921,737	-	240,858,205
Net liquidity gap	(79,864,564)	(19,380,397)	(14,879,568)	(10,637,057)	27,652,456	100,994,942	20,204,929	

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group 31 December 2015							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	153,509,380	47,822,505	25,735,535	34,393,457	2,498,265	885,093	-	264,844,235
Placements from investment accounts	235,584	3,263	-	-	-	-	-	238,847
Deposits and placements of banks and other financial institutions	8,253,403	7,123,761	3,983,654	1,760,890	716,341	291,938	-	22,129,987
Repurchase agreements	840,083	5,449,346	207,803	611,910	544,051	308,521	-	7,961,714
Bills and acceptances payable	887,397	49,411	25,950	1,137	64,214	-	-	1,028,109
Financial liabilities designated at fair value	130,595	23,637	31,990	61,029	4,068,954	1,363,727	-	5,679,932
Amount due to related companies	24,652	-	-	-	-	-	-	24,652
Other liabilities	6,293,232	181,719	4,273	67	12,621	4,210	-	6,496,122
Recourse obligation on loans and financing sold to Cagamas	8,486	3,206	30,659	42,450	1,150,549	1,234,544	-	2,469,894
Bonds and debentures	542,185	1,590,316	984,270	1,449,737	5,831,637	-	-	10,398,145
Other borrowings	6,174	6,539	3,791	226,969	2,567,294	-	-	2,810,767
Subordinated obligations	162,966	20,528	414,828	1,627,572	9,259,394	1,731,605	-	13,216,893
Financial guarantees	10,368,168	-	-	-	-	-	-	10,368,168
Credit related commitments and contingencies	42,422,730	824,936	2,019,734	1,746,193	3,205,431	18,739,024	318,123	69,276,171
	223,685,035	63,099,167	33,442,487	41,921,411	29,918,751	24,558,662	318,123	416,943,636

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Group							Total RM'000
	31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	157,122,475	35,413,851	19,174,686	19,161,070	4,976,369	1,774,826	-	237,623,277
Deposits and placements of banks and other financial institutions	12,493,140	8,994,546	7,120,669	2,010,705	698,854	222,288	-	31,540,202
Repurchase agreements	504,812	2,528,738	1,788,486	121,515	792,288	-	-	5,735,839
Bills and acceptances payable	1,276,256	174,434	44,342	719	66,164	-	-	1,561,915
Financial liabilities designated at fair value	86,311	3,459	2,459	8,923	2,690,559	1,457,145	-	4,248,856
Amount due to related companies	190,593	-	-	-	-	-	-	190,593
Other liabilities	3,718,645	-	-	-	-	-	-	3,718,645
Bonds and debentures	543,493	92,693	1,161,452	61,236	4,413,046	-	-	6,271,920
Other borrowings	3,472	-	-	354,088	2,439,399	-	-	2,796,959
Subordinated obligations	152,046	64,313	189,308	1,278,143	5,372,689	5,707,113	-	12,763,612
Redeemable preference shares	7,587	-	-	725,935	-	-	-	733,522
Financial guarantees	4,665,361	-	-	-	-	-	-	4,665,361
Credit related commitments and contingencies	40,591,735	1,121,414	2,038,313	9,134,574	2,208,849	21,404,082	265,381	76,764,348
	<u>221,355,926</u>	<u>48,393,448</u>	<u>31,519,715</u>	<u>32,856,908</u>	<u>23,658,217</u>	<u>30,565,454</u>	<u>265,381</u>	<u>388,615,049</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Bank							Total RM'000
	31 December 2015	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
Non-derivative financial liabilities								
Deposits from customers	117,229,076	34,982,364	18,800,199	25,768,208	1,858,279	682,715	-	199,320,841
Deposits and placements of banks and other financial institutions	6,946,766	6,856,440	3,785,260	1,684,668	672,489	291,938	-	20,237,561
Repurchase agreements	823,410	5,449,346	207,803	611,910	544,051	308,521	-	7,945,041
Bills and acceptances payable	613,251	48,233	24,594	410	-	-	-	686,488
Financial liabilities designated at fair value	9,269	21,673	25,213	46,747	2,779,903	410,423	-	3,293,228
Bonds and debentures	305,100	194,958	264,856	994,609	5,331,637	-	-	7,091,160
Other borrowings	6,174	6,539	3,791	226,969	2,567,294	-	-	2,810,767
Amount due to subsidiaries	34,647	-	-	-	-	-	-	34,647
Amount due to related companies	15,561	-	-	-	-	-	-	15,561
Other liabilities	5,213,667	163,134	-	-	-	-	-	5,376,801
Recourse obligation on loans and financing sold to Cagamas	6,117	3,206	21,377	30,800	557,349	1,234,544	-	1,853,393
Subordinated obligations	64,410	13,940	155,446	1,583,445	8,624,927	158,389	-	10,600,557
Financial guarantees	9,955,204	-	-	-	-	-	-	9,955,204
Credit related commitments and contingencies	36,911,992	811,512	1,896,075	1,741,204	2,991,174	16,375,285	318,123	61,045,365
	178,134,644	48,551,345	25,184,614	32,688,970	25,927,103	19,461,815	318,123	330,266,614

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Bank 31 December 2014							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	120,536,198	23,309,673	13,896,539	14,378,442	2,508,280	1,600,507	-	176,229,639
Deposits and placements of banks and other financial institutions	11,559,238	9,992,446	7,115,004	2,073,223	698,516	222,288	-	31,660,715
Repurchase agreements	504,812	2,528,738	1,788,486	121,515	792,288	-	-	5,735,839
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	761,214
Financial liabilities designated at fair value	58	330	224	613	2,088,527	1,055,334	-	3,145,086
Bonds and debentures	194,090	5,238	9,338	45,081	3,913,046	-	-	4,166,793
Other borrowings	3,472	-	-	354,088	2,439,399	-	-	2,796,959
Amount due to subsidiaries	126,290	-	-	-	-	-	-	126,290
Amount due to related companies	23,250	-	-	-	-	-	-	23,250
Other liabilities	3,296,105	-	-	-	-	-	-	3,296,105
Subordinated obligations	71,500	49,538	176,427	1,956,750	4,479,233	4,145,311	-	10,878,759
Financial guarantees	4,326,636	-	-	-	-	-	-	4,326,636
Credit related commitments and contingencies	35,804,796	1,104,284	1,989,479	9,108,829	2,067,338	19,278,866	265,381	69,618,973
	177,074,987	37,079,154	25,019,189	28,038,614	18,986,627	26,302,306	265,381	312,766,258

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.3 Liquidity risk (Continued)

53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

	The Group 31 December 2015							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(586,265)	-	-	-	-	-	-	(586,265)
- Interest rate derivatives	(1,642,609)	-	-	-	-	-	-	(1,642,609)
- Equity related derivatives	(280,183)	-	-	-	-	-	-	(280,183)
- Commodity related derivatives	(740,725)	-	-	-	-	-	-	(740,725)
- Credit related contracts	(104,038)	-	-	-	-	-	-	(104,038)
Hedging derivatives								
- Foreign exchange derivatives	(63)	(228)	-	(17,154)	-	-	-	(17,445)
- Interest rate derivatives	(21,256)	38,471	(57,406)	(127,489)	(208,900)	650,601	-	274,021
	(3,375,139)	38,243	(57,406)	(144,643)	(208,900)	650,601	-	(3,097,244)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Group 31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(23,854)	-	-	-	-	-	-	(23,854)
- Interest rate derivatives	(1,726,243)	-	-	-	-	-	-	(1,726,243)
- Equity related derivatives	(998,524)	-	-	-	-	-	-	(998,524)
- Commodity related derivatives	(1,037,753)	-	-	-	-	-	-	(1,037,753)
- Credit related contracts	(91,365)	-	-	-	-	-	-	(91,365)
Hedging derivatives								
- Interest rate derivatives	(14,193)	(8,221)	(27,143)	(59,061)	(205,580)	(13,690)	-	(327,888)
	(3,891,932)	(8,221)	(27,143)	(59,061)	(205,580)	(13,690)	-	(4,205,627)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Bank							Total RM'000
	31 December 2015							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(586,129)	-	-	-	-	-	-	(586,129)
- Interest rate derivatives	(1,229,300)	-	-	-	-	-	-	(1,229,300)
- Equity related derivatives	(280,183)	-	-	-	-	-	-	(280,183)
- Commodity related derivatives	(740,646)	-	-	-	-	-	-	(740,646)
- Credit related contracts	(103,812)	-	-	-	-	-	-	(103,812)
Hedging derivatives								
- Interest rate derivatives	(15,425)	19,241	(24,517)	(108,261)	(107,499)	650,658	-	414,197
	(2,955,495)	19,241	(24,517)	(108,261)	(107,499)	650,658	-	(2,525,873)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Bank							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(23,854)	-	-	-	-	-	-	(23,854)
- Interest rate derivatives	(1,264,931)	-	-	-	-	-	-	(1,264,931)
- Equity related derivatives	(988,398)	-	-	-	-	-	-	(988,398)
- Commodity related derivatives	(1,037,753)	-	-	-	-	-	-	(1,037,753)
- Credit related contracts	(91,067)	-	-	-	-	-	-	(91,067)
Hedging derivatives								
- Interest rate derivatives	(14,143)	(8,411)	(27,143)	(59,061)	(205,002)	(13,555)	-	(327,315)
	(3,420,146)	(8,411)	(27,143)	(59,061)	(205,002)	(13,555)	-	(3,733,318)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group 31 December 2015							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(7,920,987)	-	-	-	-	-	-	(7,920,987)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(556,854)	(1,376,538)	(922,781)	(2,066,388)	(2,266,701)	(43,862)	-	(7,233,124)
- Inflow	560,940	1,349,155	916,929	2,075,603	1,881,750	47,655	-	6,832,032
	(7,916,901)	(27,383)	(5,852)	9,215	(384,951)	3,793	-	(8,322,079)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Group							Total RM'000
	31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(3,198,720)	-	-	-	-	-	-	(3,198,720)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(1,197,943)	(579,818)	(1,946,362)	(246,840)	(2,063,075)	-	-	(6,034,038)
- Inflow	1,194,077	546,587	1,842,330	254,134	2,003,496	-	-	5,840,624
	<u>(3,202,586)</u>	<u>(33,231)</u>	<u>(104,032)</u>	<u>7,294</u>	<u>(59,579)</u>	-	-	<u>(3,392,134)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Bank							Total RM'000
	31 December 2015							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(5,689,618)	-	-	-	-	-	-	(5,689,618)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(549,750)	(1,376,538)	(922,781)	(2,058,296)	(1,669,710)	(43,862)	-	(6,620,937)
- Inflow	549,619	1,349,155	916,929	2,064,344	1,413,370	47,655	-	6,341,072
	(5,689,749)	(27,383)	(5,852)	6,048	(256,340)	3,793	-	(5,969,483)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.3 Liquidity risk (Continued)****53.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Bank							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,693,381)	-	-	-	-	-	-	(2,693,381)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(244,117)	(579,818)	(1,946,362)	(246,840)	(2,063,075)	-	-	(5,080,212)
- Inflow	233,119	546,587	1,842,330	254,134	2,003,496	-	-	4,879,666
	(2,704,379)	(33,231)	(104,032)	7,294	(59,579)	-	-	(2,893,927)

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 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.

53.4.1 Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

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

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.1 Determination of fair value and fair value hierarchy (Continued)

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: <ul style="list-style-type: none">• 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.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	The Group Fair Value				Total RM'000	The Bank Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000		Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2015										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	12,111,815	-	12,111,815	-	12,111,815	9,723,139	-	9,723,139	-	9,723,139
-Quoted securities	1,189,912	1,189,912	-	-	1,189,912	483,899	483,899	-	-	483,899
-Unquoted securities	5,134,228	-	4,976,843	157,385	5,134,228	4,744,734	-	4,679,905	64,829	4,744,734
Financial investments available-for-sale										
-Money market instruments	2,768,757	-	2,768,757	-	2,768,757	2,451,675	-	2,451,675	-	2,451,675
-Quoted securities	3,187,662	3,187,662	-	-	3,187,662	94	94	-	-	94
-Unquoted securities	22,054,230	-	20,746,772	1,307,458	22,054,230	20,382,270	-	19,134,851	1,247,419	20,382,270
Derivative financial instruments										
-Trading derivatives	11,301,985	12,408	11,156,699	132,878	11,301,985	8,557,956	12,408	8,412,670	132,878	8,557,956
-Hedging derivatives	161,977	-	161,977	-	161,977	250,659	-	250,659	-	250,659
Non-financial assets										
Investment Properties	1,120	-	1,120	-	1,120	-	-	-	-	-
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	4,575	-	4,575	-	4,575	375	-	375	-	375
Total	57,916,261	4,389,982	51,928,558	1,597,721	57,916,261	46,594,801	496,401	44,653,274	1,445,126	46,594,801
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	11,274,807	140,679	10,917,501	216,627	11,274,807	8,629,688	140,679	8,272,382	216,627	8,629,688
-Hedging derivatives	605,727	-	605,727	-	605,727	468,246	-	468,246	-	468,246
Financial liabilities designated at fair value	4,952,771	-	4,593,682	359,089	4,952,771	2,848,922	-	2,489,833	359,089	2,848,922
Total	16,833,305	140,679	16,116,910	575,716	16,833,305	11,946,856	140,679	11,230,461	575,716	11,946,856

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:
(Continued)

	The Group Fair Value				Total RM'000	The Bank Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000		Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2014										
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	12,738,671	-	12,738,671	-	12,738,671	9,482,843	-	9,482,843	-	9,482,843
-Quoted securities	3,861,322	3,861,322	-	-	3,861,322	3,140,285	3,140,285	-	-	3,140,285
-Unquoted securities	6,118,094	-	5,985,413	132,681	6,118,094	5,767,804	-	5,709,202	58,602	5,767,804
Financial investments available-for-sale										
-Money market instruments	4,176,787	-	4,176,787	-	4,176,787	3,762,422	-	3,762,422	-	3,762,422
-Quoted securities	2,589,855	2,589,855	-	-	2,589,855	99	99	-	-	99
-Unquoted securities	20,766,693	-	19,306,296	1,460,397	20,766,693	19,007,311	-	17,693,780	1,313,531	19,007,311
Derivative financial instruments										
-Trading derivatives	6,786,090	11,023	6,708,212	66,855	6,786,090	5,738,227	11,023	5,660,349	66,855	5,738,227
-Hedging derivatives	145,281	-	145,281	-	145,281	260,982	-	260,982	-	260,982
Non-financial assets										
Investment Properties	4,000	-	4,000	-	4,000	-	-	-	-	-
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	9,858	-	9,858	-	9,858	5,658	-	5,658	-	5,658
Total	57,196,651	6,462,200	49,074,518	1,659,933	57,196,651	47,165,631	3,151,407	42,575,236	1,438,988	47,165,631
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	7,076,459	72,445	6,133,048	870,966	7,076,459	6,099,384	72,445	5,155,973	870,966	6,099,384
-Hedging derivatives	482,340	-	482,340	-	482,340	502,425	-	502,425	-	502,425
Financial liabilities designated at fair value	3,690,701	-	3,329,965	360,736	3,690,701	2,726,392	-	2,365,656	360,736	2,726,392
Total	11,249,500	72,445	9,945,353	1,231,702	11,249,500	9,328,201	72,445	8,024,054	1,231,702	9,328,201

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group and the Bank:

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2015							
At 1 January	132,681	1,460,397	66,855	1,659,933	(870,966)	(360,736)	(1,231,702)
Total gains/(losses) recognised in statement of income	769	(15,077)	58,126	43,818	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	1,283	-	1,283	-	-	-
Purchases	-	80,443	32,137	112,580	(28,853)	-	(28,853)
New issuance	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(319,650)	-	(324,650)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	28,935	100,062	2,067	131,064	(99,281)	-	(99,281)
At 31 December	<u>157,385</u>	<u>1,307,458</u>	<u>132,878</u>	<u>1,597,721</u>	<u>(216,627)</u>	<u>(359,089)</u>	<u>(575,716)</u>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2015 under:							
- net non-interest income	769	(14,588)	58,126	44,307	765,434	(10,761)	754,673
- interest expense	-	-	-	-	-	(14,095)	(14,095)
- allowances for other impairment losses	-	(489)	-	(489)	-	-	-
Total gains recognised in other comprehensive income for financial year ended 31 December 2015 under "revaluation reserves"	<u>-</u>	<u>1,283</u>	<u>-</u>	<u>1,283</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"	<u>2,484</u>	<u>(29,321)</u>	<u>64,645</u>	<u>37,808</u>	<u>(49,501)</u>	<u>(10,761)</u>	<u>(60,262)</u>

During the financial year, the transfer out of Level 3 of RMNil (2014: RM856,000) was due to the conversion of convertible notes to quoted shares in active markets.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group and the Bank: (Continued)

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2014							
At 1 January	73,048	1,208,192	69,193	1,350,433	(1,369,505)	-	(1,369,505)
Total gains/(losses) recognised in statement of income	2,567	(3,082)	(6,170)	(6,685)	(55,259)	60,733	5,474
Total gains recognised in other comprehensive income	-	63,759	-	63,759	-	-	-
Purchases	49,083	235,208	17,314	301,605	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales and redemptions	-	(47,219)	-	(47,219)	-	-	-
Settlements	-	-	(13,465)	(13,465)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	7,983	4,395	(17)	12,361	(51,597)	-	(51,597)
At 31 December	132,681	1,460,397	66,855	1,659,933	(870,966)	(360,736)	(1,231,702)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	2,567	(3,082)	(6,170)	(6,685)	(55,259)	73,274	18,015
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	63,759	-	63,759	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	2,567	(3,082)	10,720	10,205	(264,271)	73,274	(190,997)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities		Total
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Bank							
2015							
At 1 January	58,602	1,313,531	66,855	1,438,988	(870,966)	(360,736)	(1,231,702)
Total (losses)/gains recognised in statement of income	(689)	(23,419)	58,126	34,018	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	56,951	-	56,951	-	-	-
Purchases	-	80,258	32,137	112,395	(28,853)	-	(28,853)
New issuances	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(259,861)	-	(264,861)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	11,916	79,959	2,067	93,942	(99,281)	-	(99,281)
At 31 December	<u>64,829</u>	<u>1,247,419</u>	<u>132,878</u>	<u>1,445,126</u>	<u>(216,627)</u>	<u>(359,089)</u>	<u>(575,716)</u>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2015 under:							
- net non-interest income	(689)	(23,419)	58,126	34,018	765,434	(10,761)	754,673
- interest expense	-	-	-	-	-	(14,095)	(14,095)
Total gains recognised in other comprehensive income for financial year ended 31 December 2015 under "revaluation reserves"	-	56,951	-	56,951	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"	<u>1,026</u>	<u>(29,321)</u>	<u>64,645</u>	<u>36,350</u>	<u>(49,501)</u>	<u>(10,761)</u>	<u>(60,262)</u>

During the financial year, the transfer out of Level 3 of RMNil (2014: RM856,000) was due to the conversion of convertible notes to quoted shares in active markets.

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2015 and 31 December 2014 for the Group and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000	RM'000
The Bank							
2014							
At 1 January	6,716	1,070,703	69,193	1,146,612	(1,369,505)	-	(1,369,505)
Total gains/(losses) recognised in statement of income	(526)	(4,331)	(6,170)	(11,027)	(55,259)	60,733	5,474
Total gains recognised in other comprehensive income	-	55,003	-	55,003	-	-	-
Purchases	49,083	223,027	17,314	289,424	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales and redemptions	-	(25,241)	-	(25,241)	-	-	-
Settlements	-	-	(13,465)	(13,465)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	3,329	(4,774)	(17)	(1,462)	(51,597)	-	(51,597)
At 31 December	58,602	1,313,531	66,855	1,438,988	(870,966)	(360,736)	(1,231,702)
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	(526)	(4,331)	(6,170)	(11,027)	(55,259)	73,274	18,015
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	55,003	-	55,003	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	(526)	(4,331)	10,720	5,864	(264,271)	73,274	(190,997)

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed:

	Carrying Value RM'000	The Group Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2015				
Assets				
Cash and short-term funds	20,188,831	20,188,831	-	20,188,831
Reverse repurchase agreements	9,558,281	-	9,570,765	9,570,765
Deposits and placement with banks and other financial institutions	1,440,564	-	1,440,564	1,440,564
Financial investments held-to-maturity	23,707,698	2,735,456	20,986,443	23,721,899
Loans, advances and financing	235,437,884	-	230,760,504	230,760,504
Other assets	10,857,585	-	10,852,142	10,852,142
Statutory deposits with central banks	7,699,798	7,699,798	-	7,699,798
Amounts due from holding company and ultimate holding company	2,803	-	2,803	2,803
Amounts due from related companies	1,272,717	-	1,272,717	1,272,717
Total	310,166,161	30,624,085	274,885,938	305,510,023

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for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	Carrying Value RM'000	The Group Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2015				
Liabilities				
Deposits from customers	263,302,264	-	263,243,272	263,243,272
Placements from investment accounts	232,716	-	232,716	232,716
Deposits and placements of banks and other financial institutions	22,062,752	-	22,048,265	22,048,265
Repurchase agreements	7,905,919	-	7,905,919	7,905,919
Bills and acceptances payable	1,024,296	-	1,029,546	1,029,546
Amounts due to related companies	24,652	-	24,652	24,652
Other liabilities	6,862,848	-	6,862,848	6,862,848
Recourse obligation on loans and financing sold to Cagamas	1,817,816	-	1,890,031	1,890,031
Bonds and debentures	9,868,655	-	9,896,483	9,896,483
Other borrowings	2,752,792	-	2,622,268	2,622,268
Subordinated obligations	11,169,604	-	11,208,433	11,208,433
Total	327,024,314	-	328,854,464	328,854,464

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	The Group			Total RM'000
	Carrying Value RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2014				
Assets				
Cash and short-term funds	25,456,055	25,456,055	-	25,456,055
Reverse repurchase agreements	4,512,949	-	4,512,949	4,512,949
Deposits and placement with banks and other financial institutions	3,844,882	-	3,844,799	3,844,799
Financial investments held-to-maturity	16,714,871	-	16,746,648	16,746,648
Loans, advances and financing	207,954,719	-	205,345,192	205,345,192
Other assets	5,829,992	-	5,824,549	5,824,549
Statutory deposits with central banks	6,839,444	6,839,444	-	6,839,444
Amounts due from ultimate holding company	28,853	-	28,853	28,853
Amounts due from related companies	1,233,998	-	1,233,998	1,233,998
Total	272,415,763	32,295,499	237,536,988	269,832,487

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	The Group Fair Value			Total RM'000
	Carrying Value RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2014				
Liabilities				
Deposits from customers	235,267,154	-	234,492,596	234,492,596
Deposits and placements of banks and other financial institutions	31,417,322	-	31,244,421	31,244,421
Repurchase agreements	5,735,839	-	5,735,839	5,735,839
Bills and acceptances payable	1,556,909	-	1,560,193	1,560,193
Amounts due to related companies	40,783	-	40,783	40,783
Other liabilities	4,144,584	-	4,144,584	4,144,584
Bonds and debentures	6,014,471	-	6,142,229	6,142,229
Other borrowings	2,730,742	-	2,536,769	2,536,769
Subordinated obligations	10,068,609	-	10,179,440	10,179,440
Redeemable preference shares	733,522	-	733,522	733,522
Total	297,709,935	-	296,810,376	296,810,376

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed
(Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed:

	Carrying Value RM'000	The Bank Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2015				
Assets				
Cash and short-term funds	14,159,386	14,159,386	-	14,159,386
Reverse repurchase agreements	8,404,346	-	8,416,830	8,416,830
Deposits and placement with banks and other financial institutions	4,694,012	-	4,694,012	4,694,012
Financial investments held-to-maturity	19,389,224	-	19,352,937	19,352,937
Loans, advances and financing	170,669,912	-	168,924,910	168,924,910
Other assets	9,846,589	-	9,851,716	9,851,716
Statutory deposits with central banks	6,139,925	6,139,925	-	6,139,925
Amounts due from holding company and ultimate holding company	2,803	-	2,803	2,803
Amounts due from subsidiaries	40,622	-	40,622	40,622
Amounts due from related companies	1,269,970	-	1,269,970	1,269,970
Total	234,616,789	20,299,311	212,553,800	232,853,111

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	Carrying Value RM'000	The Bank Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2015				
Liabilities				
Deposits from customers	198,273,648	-	198,210,386	198,210,386
Deposits and placements of banks and other financial institutions	20,176,311	-	20,164,644	20,164,644
Repurchase agreements	7,889,260	-	7,889,260	7,889,260
Bills and acceptances payable	686,487	-	686,487	686,487
Amounts due to subsidiaries	34,647	-	34,647	34,647
Amounts due to related companies	15,561	-	15,561	15,561
Other liabilities	5,587,706	-	5,587,706	5,587,706
Recourse obligation on loans and financing sold to Cagamas	1,315,448	-	1,369,748	1,369,748
Bonds and debentures	6,576,072	-	6,549,022	6,549,022
Other borrowings	2,752,792	-	2,622,268	2,622,268
Subordinated obligations	9,117,067	-	9,130,388	9,130,388
Total	252,424,999	-	252,260,117	252,260,117

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	Carrying Value RM'000	The Bank Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2014				
Assets				
Cash and short-term funds	21,435,099	21,435,099	-	21,435,099
Reverse repurchase agreements	4,406,653	-	4,406,653	4,406,653
Deposits and placement with banks and other financial institutions	5,383,015	-	5,383,015	5,383,015
Financial investments held-to-maturity	13,496,116	-	13,493,432	13,493,432
Loans, advances and financing	150,874,563	-	149,352,371	149,352,371
Other assets	5,263,421	-	5,257,977	5,257,977
Statutory deposits with central banks	5,125,836	5,125,836	-	5,125,836
Amounts due from subsidiaries	6,264	-	6,264	6,264
Amounts due from related companies	1,230,514	-	1,230,514	1,230,514
Total	207,221,481	26,560,935	179,130,226	205,691,161

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The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2015 and 31 December 2014 but for which fair value is disclosed: (Continued)

	Carrying Value RM'000	The Bank Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
31 December 2014				
Liabilities				
Deposits from customers	174,320,567	-	173,491,815	173,491,815
Deposits and placements of banks and other financial institutions	31,538,303	-	31,365,257	31,365,257
Repurchase agreements	5,735,839	-	5,735,839	5,735,839
Bills and acceptances payable	761,214	-	761,214	761,214
Amounts due to subsidiaries	126,290	-	126,290	126,290
Amounts due to related companies	23,250	-	23,250	23,250
Other liabilities	3,437,224	-	3,437,224	3,437,224
Bonds and debentures	3,921,746	-	3,794,401	3,794,401
Other borrowings	2,730,742	-	2,536,769	2,536,769
Subordinated obligations	8,833,276	-	8,898,324	8,898,324
Total	231,428,451	-	230,170,383	230,170,383

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance being the expected recoverable amount.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)

Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Placements from investment accounts

The estimated fair values of placements from investment accounts with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)

Floating rate certificates of deposits

For floating rate certificates of deposits, values are estimated based on discounted cash flow using prevailing market interest rates for floating rate certificates of deposits.

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Recourse obligation on loans and financing sold to Cagamas

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

Bonds and debentures and other borrowings

The estimated fair values of bonds and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for bonds, debentures and borrowings with similar risk profile.

Subordinated notes

The fair values for the quoted subordinated notes are obtained from quoted market prices while the fair values for unquoted subordinated notes are estimated based on discounted cash flow models.

Redeemable preference shares

The estimated fair value of redeemable preference shares (“RPS”) approximates the carrying value based on Directors’ estimate as the effective interest rate of the RPS is a reflection of the current rate for such similar instrument.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

53.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Certain credit derivatives products where market rate inputs are unobservable are valued using simulation approach comprising statistical models that interact with each other. These models describe the default process and other market random variables like interest rates and foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These statistical models are the usual market standard when it comes to modeling rates, FX and credit.

Credit derivatives inputs include:

- Observable credit default swap (“CDS”) spreads
- Loss given default or loss severity
- Credit correlation between the underlying debt instruments (models are structured on a transaction basis and calibrated to liquid benchmark indices)
- Correlation between Credit and FX
- Credit spread and FX volatility
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit correlation –
 1. Long correlation positions will be shocked with lower correlation
 2. Short correlation positions will be shocked with higher correlation
- Credit and FX correlation –
 1. Short Quanto CDS position shocked with larger negative correlation
 2. Long Quanto CDS position shocked with larger positive correlation

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

53 Financial Risk Management (Continued)

53.4 Fair value estimation (Continued)

53.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

- FX Volatility -
 1. Long volatility shocked with lower volatility
 2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions

The fair values of structured deposits are typically valued using valuation techniques that incorporate observable market inputs. Certain credit linked structured deposits are fair valued using Level 3 inputs as the internal deposit rates of the relevant tenures are not observable.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****(a) Financial instruments carried at fair value**

2015 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments The Group and the Bank - Credit derivatives	18,346	(20,008)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX correlation	-60% to +7%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Equity derivatives	114,532	(196,619)	Option pricing	Equity volatility	6.31% to 94.46%	Higher volatility results in higher/lower fair value depending on the net long/short positions
Financial assets held for trading - Unquoted shares and private equity funds (The Group) - Unquoted shares and private equity funds (The Bank)	157,385 64,829	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments available-for-sale - Unquoted shares and private equity funds (The Group) - Unquoted shares and private equity funds (The Bank)	1,307,458 1,247,419	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial liabilities designated at fair value The Group and the Bank - Credit linked structured deposits	Not applicable	(359,089)	Discounted cash flow	Internal deposit rates	0.47% to 3.47%	Higher internal deposit rates results in decrease in fair value measurement

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****(a) Financial instruments carried at fair value (Continued)**

2014 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments The Group and the Bank						
- Credit derivatives	18,400	(24,109)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX correlation	-60% to -10%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Equity derivatives	48,455	(846,857)	Option pricing	Equity volatility	9.59% to 151.98%	Higher volatility results in higher/lower fair value depending on the net long/short positions
Financial assets held for trading						
- Unquoted shares and private equity funds (The Group)	132,681	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	58,602					
Financial investments available-for-sale						
- Unquoted shares and private equity funds (The Group)	1,460,397	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	1,313,531					
Financial liabilities designated at fair value The Group and the Bank						
- Credit linked structured deposits	Not applicable	(360,736)	Discounted cash flow	Internal deposit rates	0.58% to 4.74%	Higher internal deposit rates results in decrease in fair value measurement

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****53 Financial Risk Management (Continued)****53.4 Fair value estimation (Continued)****53.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)****(a) Financial instruments carried at fair value (Continued)****Sensitivity analysis for Level 3****The Group and the Bank**

2015	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favourable changes RM'000	Unfavourable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	18	-
	-10%	-	(19)
- Equity derivatives	+25%	-	(19)
	-25%	18	-
Financial liabilities designated at fair value			
- Credit linked structured deposits	+ 1%	2,945	-
	- 1%	-	(2,945)
Total		2,981	(2,983)

2014	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favourable changes RM'000	Unfavourable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	38	-
	-10%	-	(33)
- Equity derivatives	+25%	-	(438)
	-25%	397	-
Financial liabilities designated at fair value			
- Credit linked structured deposits	+ 1%	14,589	-
	- 1%	-	(14,589)
Total		15,024	(15,060)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****54 Non-current assets/disposal groups held for sale**

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Non-current assets held for sale:				
- property plant and equipment	4,575	9,858	375	5,658
Total non-current assets held for sale	4,575	9,858	375	5,658

Foreclosed properties, property, plant and equipment and investment properties of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2016.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2015**

	Note	The Group		The Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Cash and short-term funds	(a)	7,475,867	6,052,438	1,540,012	699,276
Deposits and placements with banks and other financial institutions	(b)	404,241	437,862	271,289	5,851
Financial assets held for trading	(c)	2,945,220	3,723,913	253,282	187,261
Financial investments available-for-sale	(d)	2,337,791	2,398,454	398,812	360,362
Financial investments held-to-maturity	(e)	1,893,963	954,054	229,432	333,062
Islamic derivative financial instruments	(f)(i)	479,624	264,582	3,344	717
Financing, advances and other financing/loans	(g)	45,028,998	38,849,755	4,703,558	2,550,173
Other assets	(h)	595,390	111,010	425,611	9,636
Deferred taxation	(i)	30,454	21,503	-	-
Amount due from conventional operations		1,374,083	1,376,555	-	299
Amount due from related company		2,988,364	2,438,305	2,987,728	2,437,643
Statutory deposits with Bank Negara Malaysia	(j)	1,257,178	1,297,654	-	-
Goodwill	(k)	136,000	136,000	-	-
Intangible assets	(l)	83,005	91,174	64	78
Property, plant and equipment	(m)	12,628	10,167	32	44
Total assets		67,042,806	58,163,426	10,813,164	6,584,402
Liabilities					
Deposits from customers	(n)	46,820,998	42,286,907	2,573,118	958,863
Placements from investment accounts	(o)	3,133,698	-	-	-
Deposits and placements of banks and other financial institutions	(p)	3,584,073	5,842,772	2,341,073	1,766,478
Financial liabilities designated at fair value	(q)	199,063	149,835	-	-
Islamic derivative financial instruments	(f)(i)	586,143	330,197	82	-
Other liabilities	(r)	5,003,218	3,504,959	4,595,621	3,214,557
Recourse obligation on loans and financing sold to Cagamas	(s)	502,368	-	-	-
Amount due to related company		1,190,830	623,446	1,074,832	515,311
Amount due to conventional operations		11,043	-	-	-
Provision for taxation and Zakat	(t)	37,587	27,959	-	-
Subordinated Sukuk	(u)	856,983	856,026	-	-
Total liabilities		61,926,004	53,622,101	10,584,726	6,455,209
Equity					
Ordinary share capital	(v)	1,000,000	1,000,000	-	-
Perpetual preference shares	(w)	220,000	220,000	-	-
Reserves	(x)	3,896,802	3,321,325	228,438	129,193
Total equity		5,116,802	4,541,325	228,438	129,193
Total equity and liabilities		67,042,806	58,163,426	10,813,164	6,584,402
Commitment and contingencies	(f)(ii)	29,785,885	28,308,530	479,972	69,972

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2015**

	Note	The Group		The Bank	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income derived from investment of depositors' funds and others	(y)	2,378,471	2,122,808	98,397	54,256
Net income derived from investment of shareholders' funds	(z)	378,535	290,049	22,599	9,020
Allowances for impairment losses on financing, advances and other financing/loans	(aa)	(95,271)	(101,471)	(826)	(1,165)
Allowance for losses on other receivables (made)/written-back		(56)	323	-	-
Total distributable income		2,661,679	2,311,709	120,170	62,111
Income attributable to depositors	(ab)	(1,384,067)	(1,114,548)	(38,129)	(12,787)
Total net income		1,277,612	1,197,161	82,041	49,324
Personnel expenses	(ac)	(74,837)	(74,935)	(2,676)	(2,630)
Other overheads and expenditures	(ad)	(439,393)	(416,382)	(923)	(1,289)
Profit before taxation		763,382	705,844	78,442	45,405
Taxation	(af)	(173,476)	(166,038)	-	-
Profit after taxation		589,906	539,806	78,442	45,405

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2015**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	589,906	539,806	78,442	45,405
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	(24,698)	7,702	(9,198)	7,411
- Net (loss)/gain from change in fair value	(23,249)	14,048	(10,458)	8,458
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(4,067)	(6,637)	1,260	(1,047)
- Income tax effects	2,618	291	-	-
Exchange fluctuation reserves	10,395	(1,722)	30,001	3,651
	(14,303)	5,980	20,803	11,062
Total comprehensive income for the year	575,603	545,786	99,245	56,467
Total net income	1,277,612	1,197,161	82,041	49,324
Add: Allowances for impairment losses on financing, advances and other financing/loans	95,271	101,471	826	1,165
Add: Allowance for losses on other receivables made/(written-back)	56	(323)	-	-
	1,372,939	1,298,309	82,867	50,489

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2015**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2015	1,000,000	220,000	846,231	(3,489)	2,137	-	674	2,475,772	4,541,325
Profit for the financial year	-	-	-	-	-	-	-	589,906	589,906
Other comprehensive income/(expense), net of tax	-	-	-	10,395	(24,698)	-	-	-	(14,303)
- financial investments available-for-sale	-	-	-	-	(24,698)	-	-	-	(24,698)
- currency translation difference	-	-	-	10,395	-	-	-	-	10,395
Total comprehensive income/(expense) for the year	-	-	-	10,395	(24,698)	-	-	589,906	575,603
Share-based payment expense	-	-	-	-	-	-	604	-	604
Shares released under Equity Ownership plan	-	-	-	-	-	-	(730)	-	(730)
Transfer to statutory reserve	-	-	101,004	-	-	-	-	(101,004)	-
Transfer to regulatory reserve	-	-	-	-	-	60,957	-	(60,957)	-
At 31 December 2015	1,000,000	220,000	947,235	6,906	(22,561)	60,957	548	2,903,717	5,116,802

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2015 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2014	1,000,000	70,000	748,394	(1,767)	(5,565)	230,088	606	1,803,715	3,845,471
Profit for the financial year	-	-	-	-	-	-	-	539,806	539,806
Other comprehensive (expense)/income, net of tax	-	-	-	(1,722)	7,702	-	-	-	5,980
- financial investments available-for-sale	-	-	-	-	7,702	-	-	-	7,702
- currency translation difference	-	-	-	(1,722)	-	-	-	-	(1,722)
Total comprehensive (expense)/income for the year	-	-	-	(1,722)	7,702	-	-	539,806	545,786
Share-based payment expense	-	-	-	-	-	-	687	-	687
Shares released under Equity Ownership plan	-	-	-	-	-	-	(619)	-	(619)
Transfer to statutory reserve	-	-	97,837	-	-	-	-	(97,837)	-
Transfer from regulatory reserve	-	-	-	-	-	(230,088)	-	230,088	-
Issue of perpetual preference shares	-	150,000	-	-	-	-	-	-	150,000
At 31 December 2014	1,000,000	220,000	846,231	(3,489)	2,137	-	674	2,475,772	4,541,325

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2015 (Continued)**

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
The Bank				
At 1 January 2015	7,113	7,627	114,453	129,193
Profit for the financial year	-	-	78,442	78,442
Currency translation difference	30,001	-	-	30,001
Financial investments available-for-sale	-	(9,198)	-	(9,198)
At 31 December 2015	37,114	(1,571)	192,895	228,438

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
The Bank				
At 1 January 2014	3,462	216	69,048	72,726
Profit for the financial year	-	-	45,405	45,405
Currency translation difference	3,651	-	-	3,651
Financial investments available-for-sale	-	7,411	-	7,411
At 31 December 2014	7,113	7,627	114,453	129,193

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2015**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	763,382	705,844	78,442	45,405
Adjustments for:				
Depreciation of property, plant and equipment	3,843	3,401	17	11
Property, plant and equipment written off	481	169	-	-
Amortisation of intangible assets	10,298	10,131	26	23
Allowance for losses on other receivables made/(written-back)	56	(323)	-	-
Net (gain)/loss from disposal of financial investments available-for-sale	(4,067)	(6,637)	1,260	(1,047)
Share-based payment expense	604	687	-	-
Unrealised loss/(gain) on Islamic derivative financial instruments	2,938	9,878	(26)	28
Unrealised loss on foreign exchange	79,694	59,912	-	-
Allowance for impairment losses on financing, advances and other financing/loans	136,627	145,948	826	1,165
Unrealised (gain)/loss from revaluation of financial assets held for trading	(5,962)	299	(1,445)	203
Unrealised loss/(gain) from financial liabilities designated at fair value	6	(105)	-	-
Interest expense on recourse obligation on loans and financing sold to Cagamas	2,368	-	-	-
Accretion of discount less amortisation of premium	(96,788)	(92,319)	302	484
Profit income from financial investments available-for-sale	(104,892)	(70,616)	(8,838)	(7,284)
Profit income from financial investments held-to-maturity	(54,794)	(40,615)	(8,464)	(9,021)
Net loss/(gain) from hedging derivatives	609	(231)	609	(231)
Profit expense on subordinated Sukuk	13,632	39,032	-	-
	748,035	764,455	62,709	29,736
Decrease/(increase) in operating assets				
Deposits and placements with banks and other financial institutions	33,621	(205,969)	(265,438)	67,615
Financial assets held for trading	879,225	(303,750)	(64,576)	(26,178)
Financing, advances and other financing/loans	(6,315,633)	(2,894,254)	(2,154,211)	(1,522,615)
Other assets	(485,166)	176,011	(415,975)	(7,175)
Amount due from conventional operations	(33,556)	(231,970)	299	(299)
Amount due from related company	(550,059)	(229,641)	(550,085)	(229,397)
Statutory deposits with Bank Negara Malaysia	40,476	139,093	-	-
Increase/(decrease) in operating liabilities				
Deposits from customers	4,534,091	3,003,064	1,614,255	148,362
Deposits and placements of banks and other financial institutions	(2,258,699)	(1,173,156)	574,595	1,051,004
Placements from investment accounts	3,133,698	-	-	-
Islamic derivative financial instruments	37,966	18,242	(2,519)	337
Financial liabilities designated at fair value	49,222	3,724	-	-
Amount due to conventional operations	11,043	(115,538)	-	-
Amount due to related companies	567,384	(47,342)	559,521	419,514
Other liabilities	1,419,440	95,964	1,381,064	149,198
Cash flows generated/(used in) from operations	1,811,088	(1,001,067)	739,639	80,102
Taxation paid	(134,014)	(118,934)	-	-
Cash flows generated/(used in) from operating activities	1,677,074	(1,120,001)	739,639	80,102

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2015 (Continued)**

Note	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Net (purchase)/redemption of financial investments held-to-maturity	(938,455)	(32,843)	102,691	(6,326)
Net proceeds/(purchase) of financial investments available-for-sale	30,218	(711,696)	(49,622)	7,259
Profit income from financial investments held-to-maturity	53,340	48,027	9,403	8,731
Profit income from financial investments available-for-sale	113,697	71,248	8,641	7,568
Proceeds from disposal of intangible assets	-	170	-	-
Purchase of property, plant and equipment	(6,853)	(8,501)	-	(55)
Purchase of intangible assets	(2,044)	(87,250)	-	(74)
Cash flows (used in)/generated from investing activities	<u>(750,097)</u>	<u>(720,845)</u>	<u>71,113</u>	<u>17,103</u>
Cash flows from financing activities				
Proceeds from issuance of recourse obligation on loans and financing sold to Cagamas	500,000	-	-	-
Issuance of perpetual preference shares	-	150,000	-	-
Profit expense paid on subordinated Sukuk	(13,689)	(39,032)	-	-
Cash flows generated from financing activities	<u>486,311</u>	<u>110,968</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,413,288	(1,729,878)	810,752	97,205
Effects of exchange rate differences	10,141	(1,884)	29,984	3,651
Cash and cash equivalents at beginning of financial year	6,052,438	7,784,200	699,276	598,420
Cash and cash equivalents at end of financial year	7,475,867	6,052,438	1,540,012	699,276
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) <u>7,475,867</u>	<u>6,052,438</u>	<u>1,540,012</u>	<u>699,276</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,995,438	965,018	1,173,424	698,210
Money at call and deposit placements maturing within one month	5,480,429	5,087,420	366,588	1,066
	7,475,867	6,052,438	1,540,012	699,276

(b) Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	362,017	437,862	271,289	5,851
Other financial institutions	42,224	-	-	-
	404,241	437,862	271,289	5,851

(c) Financial assets held for trading

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted				
Government Investment Issues	123,405	12,885	-	-
Malaysian Government treasury bills	14,861	14,826	-	-
Bank Negara Malaysia Monetary Notes	19,918	2,235,537	-	-
Islamic negotiable instruments of deposits	2,230,491	992,580	-	-
Other Government Securities	4,718	-	4,718	-
	2,393,393	3,255,828	4,718	-
Quoted securities				
<u>Outside Malaysia</u>				
Sukuk	211,175	158,431	211,175	158,431
Islamic private debt securities	26	23	26	23
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	233,977	210,789	15,938	-
<u>Outside Malaysia</u>				
Islamic private debt securities	106,649	98,842	21,425	28,807
	2,945,220	3,723,913	253,282	187,261

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(d) Financial investments available-for-sale**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted				
Government Investment Issues	229,054	315,897	-	-
Islamic Cagamas bonds	23,671	8,504	-	-
Malaysian Government Sukuk	44,168	19,750	-	-
Khazanah bonds	20,189	70,214	-	-
Other Government Securities	41,195	-	41,195	-
	358,277	414,365	41,195	-
Unquoted securities				
<u>In Malaysia</u>				
Bonds	53,145	47,261	53,145	47,261
Islamic private debt securities	1,559,569	1,553,324	33,170	27,931
Placements with Islamic Banking and Finance Institute Malaysia	575	575	-	-
<u>Outside Malaysia</u>				
Islamic private debt securities	324,520	330,943	242,528	247,354
Private equity funds	46,364	55,781	28,774	37,816
Less: Allowance for impairment losses	(4,659)	(3,795)	-	-
	2,337,791	2,398,454	398,812	360,362

The table below shows the movements in allowance for impairment losses during the financial year:

	The Group	
	2015	2014
	RM'000	RM'000
At 1 January	3,795	3,633
Exchange fluctuation	864	162
At 31 December	4,659	3,795

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(e) Financial investments held-to-maturity**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted				
Government Investment Issues	433,885	7,569	-	-
Khazanah bond	12,662	12,662	-	-
Cagamas Notes	30,724	-	-	-
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	1,186,380	600,386	-	-
<u>Outside Malaysia</u>				
Islamic private debt securities	229,432	333,062	229,432	333,062
Amortisation of premium				
less accretion of discounts	880	375	-	-
	1,893,963	954,054	229,432	333,062

In 2015, CIMB Islamic Bank reclassified previously held financial investments available-for-sale to financial investments held-to-maturity. Given the long term nature of the holdings, the bonds were reclassified from financial investments available-for-sale to financial investments held-to-maturity as part of the CIMB Islamic Bank's Asset Liability Management. It reflects CIMB Islamic Bank's positive intent and ability to hold them until maturity. The bonds were transferred at the prevailing mark-to-market prices.

The fair value and the carrying amount of the financial investments and the fair value loss in revaluation reserve-financial investments available-for-sale at the date of reclassification are RM470,280,000 and RM491,220,000 and RM20,939,000 respectively. The fair value and carrying amount of the financial investments as at 31 December 2015 are RM470,729,000 and RM470,611,000 respectively. The fair value gains that would have been recognised in other comprehensive income if the financial investments had not been reclassified is RM449,000.

As at 31 December 2015, the remaining unamortised fair value loss in revaluation reserve-financial investments available-for-sale amounting to RM20,470,000.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

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

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

At 31 December 2015	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	2,328,559	171,560	(97,704)	15,964	104	(82)
Currency swaps	4,750,561	86,890	(143,226)	-	-	-
Currency spot	8,761	38	(3)	1,823	36	-
Currency option	12,206	19	(19)	-	-	-
Cross currency profit rate swaps	1,510,651	169,734	(165,935)	-	-	-
	8,610,738	428,241	(406,887)	17,787	140	(82)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	8,905,301	42,328	(44,108)	431,778	986	-
<u>Equity related derivatives</u>						
Equity options	462,541	6,012	(6,012)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	104,520	603	(603)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	4,175,219	2,440	(128,533)	30,407	2,218	-
Total derivative assets/(liabilities)	22,258,319	479,624	(586,143)	479,972	3,344	(82)

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2014	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	919,232	42,422	(22,544)	-	-	-
Currency swaps	2,797,655	37,612	(38,700)	69,972	717	-
Currency spot	21,488	10	(12)	-	-	-
Cross currency profit rate swaps	1,050,230	70,333	(69,932)	-	-	-
	4,788,605	150,377	(131,188)	69,972	717	-
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	9,548,142	70,369	(67,567)	-	-	-
<u>Equity related derivatives</u>						
Equity options	580,161	13,611	(13,611)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	113,800	752	(752)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	6,916,136	29,473	(117,079)	-	-	-
Total derivative assets/(liabilities)	21,946,844	264,582	(330,197)	69,972	717	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements. The commitments and contingencies constitute the following:

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2015	2014	2015	2014
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit related</u>				
Direct credit substitutes	173,278	129,163	-	-
Certain transaction-related contingent items	522,411	366,786	-	-
Short-term self-liquidating trade-related contingencies	148,476	76,602	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	4,069,440	3,408,649	-	-
- maturity exceeding one year	2,463,321	2,325,983	-	-
Forward asset purchase				-
Miscellaneous commitments and contingencies	150,640	54,503	-	-
Total credit-related commitments and contingencies	7,527,566	6,361,686	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2015	2014	2015	2014
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	6,407,693	3,386,375	9,729	69,972
- one year to less than five years	937,810	510,204	8,058	-
- five years and above	1,265,235	892,026	-	-
Profit rate related contracts:				
- less than one year	740,407	857,750	30,407	-
- one year to less than five years	11,990,594	12,079,018	431,778	-
- five years and above	349,519	3,527,510	-	-
Equity related contracts:				
- less than one year	-	103,011	-	-
- one year to less than five years	134,139	144,287	-	-
- five years and above	328,402	332,863	-	-
Credit related contracts:				
- five years and above	104,520	113,800	-	-
Total treasury-related commitments and contingencies	22,258,319	21,946,844	479,972	69,972
	29,785,885	28,308,530	479,972	69,972

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type and Shariah contract:****The Group****At 31 December 2015**

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line [^]	17,114	584,930	-	-	602,044
Term financing					
- Housing financing	-	9,634,927	1,385,143	-	11,020,070
- Syndicated term financing	-	2,084,525	160,701	29,919	2,275,145
- Hire purchase receivables	-	-	4,306,661	-	4,306,661
- Other term financing	-	20,394,831	58,232	3,257,296	23,710,359
Credit card receivables	-	-	-	115,218	115,218
Bills receivable	153	3,373	-	-	3,526
Islamic trust receipts	-	26,106	-	94,073	120,179
Claim on customers under acceptance credit	-	445,038	-	-	445,038
Revolving credits	-	2,168,995	-	509,243	2,678,238
Share purchases financing	-	4,100	-	-	4,100
Ar Rahn	-	-	-	405	405
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	17,267	35,346,825	5,910,737	4,006,156	45,280,985
Fair value changes arising from fair value hedges					110,491
					45,391,476
Less: Allowance for impairment losses					(46,168)
- Individual impairment allowances					(316,310)
- Portfolio impairment allowances					(362,478)
					45,028,998

At 31 December 2014

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line [^]	10,277	554,680	-	-	564,957
Term financing					
- Housing financing	-	8,907,718	992,267	-	9,899,985
- Syndicated term financing	-	365,825	211,243	51,796	628,864
- Hire purchase receivables	-	-	5,298,240	-	5,298,240
- Other term financing	-	17,783,129	56,820	1,538,654	19,378,603
Credit card receivables	-	-	-	111,918	111,918
Bills receivable	-	2,939	-	-	2,939
Islamic trust receipts	-	19,168	-	76,273	95,441
Claim on customers under acceptance credit	-	392,033	-	-	392,033
Revolving credits	-	2,507,687	-	288,107	2,795,794
Share purchases financing	-	9,453	-	-	9,453
Ar Rahn	-	-	-	1,590	1,590
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	10,277	30,542,632	6,558,570	2,068,340	39,179,819
Fair value changes arising from fair value hedges					57,272
					39,237,091
Less: Allowance for impairment losses					(39,713)
- Individual impairment allowances					(347,623)
- Portfolio impairment allowances					(387,336)
					38,849,755

[^] Includes current account in excess

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract (Continued):****The Bank****At 31 December 2015**

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
Term financing			
- Syndicated term financing	-	29,919	29,919
- Other term financing	815,281	3,257,296	4,072,577
Islamic trust receipts	-	94,073	94,073
Revolving credits	-	509,243	509,243
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>815,281</u>	<u>3,890,533</u>	<u>4,705,814</u>
Fair value changes arising from fair value hedges			-
			<u>4,705,814</u>
Less: Allowance for impairment losses			
- Individual impairment allowances			-
- Portfolio impairment allowances			<u>(2,256)</u>
			<u>(2,256)</u>
			<u>4,703,558</u>

At 31 December 2014

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
Term financing			
- Syndicated term financing	-	51,796	51,796
- Other term financing	478,723	1,538,654	2,017,377
Islamic trust receipts	-	76,273	76,273
Revolving credits	117,811	288,107	405,918
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>596,534</u>	<u>1,954,832</u>	<u>2,551,366</u>
Fair value changes arising from fair value hedges			-
			<u>2,551,366</u>
Less: Allowance for impairment losses			
- Individual impairment allowances			-
- Portfolio impairment allowances			<u>(1,193)</u>
			<u>(1,193)</u>
			<u>2,550,173</u>

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

55 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract (Continued):

Bai' contracts

- Murabahah

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' al-'inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Tawarruq

Arrangement that involves a purchase of an asset/commodity based on musawamah or murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

Ijarah contracts

- Ijarah

Contract of lease ending with transfer of ownership from the lessor to the lessee either in the form of gift or sale transaction based on agreed terms and conditions. There are two contracts in this arrangement. The first contract is ijarah where the lessee enjoys the usufruct of the assets at an agreed rental during an agreed period while the ownership remains with the lessor. The second contract is to transfer the ownership of the assets which may takes place at the end of the ijarah tenure or at any point of time during the tenure subject to the agreed terms and conditions between the contracting parties. Income is recognised on effective profit rate basis over the lease term.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

55 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract (Continued):

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

- a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM3,575 million (2014:RM6,350 million) financing using Islamic profit rate swaps.
- b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

As at 31 December 2015, the gross exposures to RPSIA financing is RM2,733 million (2014: RM2,099 million) and the portfolio impairment allowance relating to this RPSIA is RM5.4 million (2014: RM6.4 million).

There was no individual impairment provided on this RPSIA financing.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract (Continued):

c) Movement in Qard financing:

	The Group	
	2015	2014
	RM'000	RM'000
As at 1 January	10,277	2,006
New disbursement	13,522	10,067
Repayment	(6,532)	(1,796)
As at 31 December	17,267	10,277
Sources of Qard fund:		
Depositors' fund	16,122	9,665
Shareholders' fund	1,145	612
	17,267	10,277
Uses of Qard fund:		
Personal use	337	1,156
Business purpose	16,930	9,121
	17,267	10,277

(ii) By type of customer:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	1,657,505	1,744,023	-	-
Domestic business enterprises				
- small medium enterprises	6,233,846	5,072,522	-	-
- others	4,351,016	2,968,278	230,443	153,456
Government and statutory bodies	6,777,740	6,773,484	-	-
Individuals	21,533,090	19,990,768	-	-
Other domestic entities	85,075	527,055	-	478,722
Foreign entities	4,642,713	2,103,689	4,475,371	1,919,188
	45,280,985	39,179,819	4,705,814	2,551,366

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(iii) By profit rate sensitivity:

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate				
- House financing	142,863	169,414	-	-
- Hire-purchase receivables	4,306,662	5,298,240	-	-
- other financing/loans	11,568,953	11,508,450	973,814	406,453
Variable rate				
- House financing	10,877,207	9,730,571	-	-
- Others	18,385,300	12,473,144	3,732,000	2,144,913
	45,280,985	39,179,819	4,705,814	2,551,366

(iv) By economic purposes:

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Personal use	2,678,136	2,903,936	-	-
Credit card	115,218	111,918	-	-
Purchase of consumer durables	21,113	21,809	-	-
Residential property	11,275,977	10,038,277	-	-
Non residential property	3,808,146	3,573,649	-	-
Purchase of fixed assets other than land and building	478,951	444,385	288,081	244,940
Construction	1,509,395	1,698,290	-	79
Purchase of securities	2,254,002	584,113	-	-
Purchase of transport vehicles	4,571,338	5,349,838	-	-
Working capital	10,042,876	9,358,761	328,514	194,084
Merger and acquisition	183,785	934	183,192	-
Other purpose	8,342,048	5,093,909	3,906,027	2,112,263
	45,280,985	39,179,819	4,705,814	2,551,366

(v) By geographical distribution:

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	40,805,185	36,781,908	230,014	153,455
Indonesia	47,251	40,628	47,251	40,628
Singapore	3,183,243	1,633,620	3,183,243	1,633,620
Other countries	1,245,306	723,663	1,245,306	723,663
	45,280,985	39,179,819	4,705,814	2,551,366

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(vi) By residual contractual maturity:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Within one year	4,599,670	3,933,220	926,537	371,744
One year to less than three years	5,293,929	2,957,981	1,631,686	1,439,891
Three years to less than five years	8,589,696	7,525,649	1,608,990	601,334
Five years and more	26,797,690	24,762,969	538,601	138,397
	45,280,985	39,179,819	4,705,814	2,551,366

(vii) Impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personal use	27,423	31,233	-	-
Credit card	3,463	2,922	-	-
Purchase of consumer durables	43	6	-	-
Residential property	93,851	89,243	-	-
Non residential property	40,038	33,429	-	-
Purchase of fixed assets other than land and building	379	883	-	-
Construction	40,150	46,896	-	-
Purchase of securities	988	200	-	-
Purchase of transport vehicles	106,316	145,510	-	-
Working capital	74,433	68,039	-	-
Other purpose	37,299	39,499	-	-
	424,383	457,860	-	-

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

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	424,383	457,860	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	457,860	310,150	-	-
Classified as impaired during the financial year	534,355	769,607	-	-
Reclassified as not impaired during the financial year	(305,934)	(355,338)	-	-
Amount written back in respect of recoveries	(103,317)	(103,631)	-	-
Amount written off	(158,581)	(162,928)	-	-
At 31 December	424,383	457,860	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.94%	1.17%	0.00%	0.00%

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	39,713	29,801	-	-
Net allowance made during the financial year	7,436	19,016	-	-
Amount written off	(981)	(9,104)	-	-
At 31 December	46,168	39,713	-	-
Portfolio impairment allowance				
At 1 January	347,623	376,849	1,193	-
Allowance made during the financial year	126,030	124,569	826	1,165
Amount written off	(157,580)	(153,823)	-	-
Exchange fluctuation	237	28	237	28
At 31 December	316,310	347,623	2,256	1,193
Portfolio impairment allowance as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.05%	1.14%	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(h) Other assets**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and prepayments	4,176	4,085	-	-
Sundry debtors	526,539	43,974	425,611	9,636
Collateral pledged for derivative transactions	52,790	57,150	-	-
Clearing accounts	11,885	5,801	-	-
	595,390	111,010	425,611	9,636

(i) Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are offset and shown in the statements of financial position:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	30,852	22,917	-	-
Deferred tax liabilities	(398)	(1,414)	-	-
	30,454	21,503	-	-

Further breakdown are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Portfolio impairment allowance	-	118	-	-
Revaluation reserve - financial investments available-for-sale	8,374	5,756	-	-
Provision for expenses	22,478	17,043	-	-
Deferred tax assets	30,852	22,917	-	-

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities				
Property, plant and equipment	(398)	(1,414)	-	-
Deferred tax liabilities	(398)	(1,414)	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****54 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	At 1 January 2015	Credited/ (charged) to statements of income	Over accrual in prior year	Transferred from equity	At 31 December 2015
Deferred tax assets/(liabilities)					
Portfolio impairment allowance	118	(118)	-	-	-
Accelerated tax depreciation	(1,414)	782	234	-	(398)
Revaluation reserve- financial investments available-for-sale	5,756	-	-	2,618	8,374
EOP reserve	168	(37)	-	-	131
Provision for expenses	16,875	5,148	324	-	22,347
	<u>21,503</u>	<u>5,775</u>	<u>558</u>	<u>2,618</u>	<u>30,454</u>

	At 1 January 2014	Credited/ (charged) to statements of income	Transferred from equity	At 31 December 2014
Deferred tax assets/(liabilities)				
Portfolio impairment allowance	45	73	-	118
Accelerated tax depreciation	(3,482)	2,068	-	(1,414)
Revaluation reserve- financial investments available-for-sale	5,465	-	291	5,756
EOP reserve	151	17	-	168
Provision for expenses	20,270	(3,395)	-	16,875
	<u>22,449</u>	<u>(1,237)</u>	<u>291</u>	<u>21,503</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(j) Statutory deposits with Bank Negara Malaysia**

	The Group	
	2015	2014
	RM'000	RM'000
Statutory deposit with Bank Negara Malaysia	1,257,178	1,297,654

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

(k) Goodwill

	The Group	
	2015	2014
	RM'000	RM'000
Cost		
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit ('CGU').

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2016 financial budgets approved by management, projected for five years based on the average to year historical Gross Domestic Product ('GDP') growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 4.50% (2014: 5.00%). The discount rate is 6.62% (2014: 7.04%) which reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(l) Intangible assets**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Computer software				
Cost				
At 1 January	121,500	34,420	112	38
Additions	2,044	87,250	-	74
Disposal	-	(170)	-	-
Reclassified from property, plant and equipment (Note m)	73	-	-	-
Exchange fluctuation	17	-	17	-
At 31 December	<u>123,634</u>	<u>121,500</u>	<u>129</u>	<u>112</u>
Amortisation				
At 1 January	30,326	20,195	34	11
Charge for the financial year	10,298	10,131	26	23
Exchange fluctuation	5	-	5	-
At 31 December	<u>40,629</u>	<u>30,326</u>	<u>65</u>	<u>34</u>
Net book value at 31 December	<u>83,005</u>	<u>91,174</u>	<u>64</u>	<u>78</u>

The remaining amortisation period of the intangible assets are as follows:

Computer software 1-15 years

The above intangible assets include computer software under construction at cost of the Group of RM407,911 (2014: RM422,760).

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment**

The Group 2015	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	2,659	11,340	3,398	17,397
Additions	6,546	98	209	6,853
Written-off	(382)	-	(740)	(1,122)
Reclassified to intangible assets (Note 1)	(2,397)	2,324	-	(73)
Exchange fluctuation	7	-	-	7
At 31 December	<u>6,433</u>	<u>13,762</u>	<u>2,867</u>	<u>23,062</u>
Accumulated depreciation				
At 1 January	1,485	4,203	1,542	7,230
Charge for the financial year	445	2,861	537	3,843
Written-off	(218)	-	(423)	(641)
Exchange fluctuation	2	-	-	2
At 31 December	<u>1,714</u>	<u>7,064</u>	<u>1,656</u>	<u>10,434</u>
Net book value at 31 December	<u>4,719</u>	<u>6,698</u>	<u>1,211</u>	<u>12,628</u>

The Group 2014	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	2,610	3,323	3,571	9,504
Additions	72	8,111	318	8,501
Written-off	(23)	(94)	(491)	(608)
At 31 December	<u>2,659</u>	<u>11,340</u>	<u>3,398</u>	<u>17,397</u>
Accumulated depreciation				
At 1 January	1,015	2,026	1,227	4,268
Charge for the financial year	493	2,271	637	3,401
Written-off	(23)	(94)	(322)	(439)
At 31 December	<u>1,485</u>	<u>4,203</u>	<u>1,542</u>	<u>7,230</u>
Net book value at 31 December	<u>1,174</u>	<u>7,137</u>	<u>1,856</u>	<u>10,167</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment (continued)**

The Bank 2015	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	40	15	55
Exchange fluctuation	7	-	7
At 31 December	<u>47</u>	<u>15</u>	<u>62</u>
Accumulated depreciation			
At 1 January	8	3	11
Charge for the financial year	11	6	17
Exchange fluctuation	2	-	2
At 31 December	<u>21</u>	<u>9</u>	<u>30</u>
Net book value at 31 December	<u>26</u>	<u>6</u>	<u>32</u>

The Bank 2014	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	-	-	-
Additions	40	15	55
At 31 December	<u>40</u>	<u>15</u>	<u>55</u>
Accumulated depreciation			
At 1 January	-	-	-
Charge for the financial year	8	3	11
At 31 December	<u>8</u>	<u>3</u>	<u>11</u>
Net book value at 31 December	<u>32</u>	<u>12</u>	<u>44</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Savings deposits				
Wadiah	2,694,000	2,288,951	109,841	86,173
Demand deposit				
Wadiah	9,236,611	7,229,933	270,875	128,350
Qard	386,784	61,320	-	-
Mudharabah	-	738,098	-	-
Term deposit				
Commodity Murabahah	33,230,363	21,691,342	1,934,275	271,021
Islamic negotiable instruments				
Mudharabah	344,450	389,915	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	398,342	2,173,817	-	-
Short term money market deposit-i				
Wakalah	17,816	5,109,756	17,816	16,244
Wadiah	10,965	6,914	10,965	6,914
Other term deposit				
Wakalah	-	608,700	-	-
Wadiah	239,772	458,631	229,346	450,161
General investment account				
Mudharabah	77,997	1,336,037	-	-
Specific investment account				
Mudharabah	169,209	174,606	-	-
Others-Qard	14,689	18,887	-	-
	46,820,998	42,286,907	2,573,118	958,863

(ii) By maturity structures of term deposits

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Due within six months	26,804,221	30,412,274	961,914	743,467
Six months to less than one year	7,129,187	987,641	1,229,801	873
One year to less than three years	390,597	380,679	687	-
Three years to less than five years	885	436	-	-
Five years and more	164,024	168,688	-	-
	34,488,914	31,949,718	2,192,402	744,340

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(n) Deposits from customers (continued)****(iii) By type of customer**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	3,459,433	3,737,245	170	-
Business enterprises	19,006,157	17,057,959	1,648,635	692,220
Individuals	9,304,317	5,662,079	889,715	261,873
Others	15,051,091	15,829,624	34,598	4,770
	<u>46,820,998</u>	<u>42,286,907</u>	<u>2,573,118</u>	<u>958,863</u>

Wadiah (Yad Dhamanah)

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian).

Commodity Murabahah

A contract of sale and purchase of commodities as underlying assets. The Customer appoints the Bank to act as the Customer's agent for the purchase and sale of the commodity. Profit expense shall be recognised on accrual basis by maturity date.

Mudharabah

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorized into two types:

- Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

55 The operations of Islamic Banking (Continued)

(n) Deposits from customers (continued)

Wakalah

A trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. This contract is categorised into two types which are Restricted Agency (Wakalah Muqayyadah) and Unrestricted Agency (Wakalah Mutlaqah). The fee shall be recognised based on agreement.

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(o) Placements from investment accounts**

	Note	The Group	
		2015	2014
		RM'000	RM'000
Restricted investment accounts		2,900,982	-
Unrestricted investment accounts	23	232,716	-
		<u>3,133,698</u>	<u>-</u>

(i) Movement in the investment accounts

The Group 2015	Restricted investment accounts- RPSIA	Unrestricted investment accounts- Special Mudharabah Investment Accounts - SMIA	Total RM'000
	RM'000	RM'000	
As at 1 January 2015	-	-	-
Funding inflows/outflows			
New placement during the year	4,341,765	262,928	4,604,693
Redemption during the year	(1,497,417)	(30,406)	(1,527,823)
Income from investment	74,653	3,881	78,534
Company's share of profit			
Profit distributed to mudarib	(747)	(3,687)	(4,434)
Incentive fee	(17,272)	-	(17,272)
As at 31 December 2015	<u>2,900,982</u>	<u>232,716</u>	<u>3,133,698</u>
Investment asset:			
House financing	-	170,496	170,496
Other term financing	2,722,855	62,220	2,785,075
Marketable securities	125,897	-	125,897
Miscellaneous Other Assets/(Other Liabilities)	52,230	-	52,230
Total investment	<u>2,900,982</u>	<u>232,716</u>	<u>3,133,698</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(o) Placements from investment accounts (continued)****(ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee**

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Unrestricted investment accounts: no specific tenure	5.00	0.22	-
Restricted investment accounts: less than 1 year	99.00	3.64	1.15

Included in the placements from investment accounts is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by the Bank amounting to RM2,901 million (2014: RM2,098 million) for tenures between 1 month to 3 months at indicative profit rates from 3.41% to 3.99% per annum (2014 : 3.38% to 3.96% tenures between 1 month to 3 months). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

The placement from investment accounts from the Bank for 2014 was recognised under deposits and placements of banks and other financial institutions.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(p) Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Mudharabah</u>				
Licensed Islamic banks	85,901	251,990	-	-
Licensed banks	2,085,562	4,019,581	1,328,671	578,256
Licensed investment banks	173,345	201,122	-	-
Other financial institutions	1,239,265	1,370,079	1,012,402	1,188,222
	<u>3,584,073</u>	<u>5,842,772</u>	<u>2,341,073</u>	<u>1,766,478</u>

(q) Financial liabilities designated at fair value

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<u>199,063</u>	<u>149,835</u>	<u>-</u>	<u>-</u>

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

The carrying amount of the Group as at 31 December 2015 of financial liabilities designated at fair value was RM8,581,000 (2014: RM8,551,000) 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.

(r) Other liabilities

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Clearing accounts	3,381,669	3,180,770	3,147,098	2,957,703
Accruals and other payables	161,209	63,182	-	1,029
Others	1,460,340	261,007	1,448,523	255,825
	<u>5,003,218</u>	<u>3,504,959</u>	<u>4,595,621</u>	<u>3,214,557</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(s) Recourse obligation on financing sold to Cagamas**

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to CIMB Islamic Bank Berhad. Under this agreement, CIMB Islamic Bank Berhad undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

(t) Provision for taxation and Zakat

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Taxation	37,587	27,819	-	-
Zakat	-	140	-	-
	<u>37,587</u>	<u>27,959</u>	<u>-</u>	<u>-</u>

(u) Subordinated Sukuk

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

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

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

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

The RM850 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation (subject to the general phase-out treatment under Basel III).

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(v) Ordinary share capital**

	The Group	
	2015	2014
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	<u>1,400,000</u>	<u>1,400,000</u>
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>

(w) Perpetual preference shares

	The Group	
	2015	2014
	RM'000	RM'000
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January	400,000	100,000
Created during the financial year	-	300,000
At 31 December	<u>400,000</u>	<u>400,000</u>
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January	220,000	70,000
Issued during the financial year	-	150,000
At 31 December	<u>220,000</u>	<u>220,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic Bank and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic Bank beyond such redemption rights as are expressly set out in these Articles.

CIMB Islamic Bank may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic Bank.

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Notes to the Financial Statements for the financial year ended 31 December 2015 (Continued)

55 The operations of Islamic Banking (Continued)

(x) Reserves

- (a) The statutory reserves are maintained in compliance with BNM guidelines and is not distributable as cash dividends.
- (b) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (c) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the financing/loans impairment financing assessment methodology with the adoption of MFRS 139 beginning 1 January 2010.
- (d) Share-based payment reserve arose from the Employee Ownership Plan, the Group's share-based compensation benefits.
- (e) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(y) Income derived from investment of depositors' funds and others**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income derived from investment of:				
(i) General investment deposits	1,497,533	1,111,185	98,397	54,256
(ii) Specific investment deposits	164,283	91,033	-	-
(iii) Other deposits	716,655	920,590	-	-
	<u>2,378,471</u>	<u>2,122,808</u>	<u>98,397</u>	<u>54,256</u>

(i) Income derived from investment of general investment deposits

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financing, advances and other financing/loans				
- profit income	1,214,265	883,604	79,877	31,969
- unwinding income [^]	6,269	3,816	-	-
Financial assets held for trading	18,313	15,404	2,255	1,770
Financial investments available-for-sale	67,969	39,424	8,718	7,192
Financial investments held-to-maturity	37,008	24,700	8,229	8,782
Money at call and deposits with financial institutions	131,903	118,373	2,244	2,855
Others	1,100	911	1,100	1,099
	<u>1,476,827</u>	<u>1,086,232</u>	<u>102,423</u>	<u>53,667</u>
Accretion of discount less amortisation of premium	59,610	47,122	(302)	(484)
Total finance income and hibah	<u>1,536,437</u>	<u>1,133,354</u>	<u>102,121</u>	<u>53,183</u>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	169	669	98	218
-unrealised	4,251	(121)	1,412	(196)
- Net (loss)/gain from sale of financial investments available-for-sale	(93)	4,617	(1,260)	1,047
- Net loss from foreign exchange transactions	(64,477)	(39,909)	(16,565)	(1,527)
	<u>(60,150)</u>	<u>(34,744)</u>	<u>(16,315)</u>	<u>(458)</u>
Fee and commission income	21,246	12,575	12,591	1,531
	<u>1,497,533</u>	<u>1,111,185</u>	<u>98,397</u>	<u>54,256</u>

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(y) Income derived from investment of depositors' funds and others (continued)****(ii) Income derived from specific investment deposits**

	The Group	
	2015	2014
	RM'000	RM'000
Income derived from specific investment deposits		
i) Deposit from customers:	85,691	91,033
ii) Placements from investment accounts:	78,592	-
	<u>164,283</u>	<u>91,033</u>
i) Deposit from customers:		
Financing, advances and other financing/loans:		
- Profit income	64,472	69,486
- Unwinding income [^]	21,219	21,547
Money at call and deposit with financial institutions	<u>85,691</u>	<u>91,033</u>
ii) Placement from investment accounts:		
Financing, advances and other financing/loans:		
- Profit income	70,609	-
- Unwinding income [^]	15	-
Money at call and deposit with financial institutions	<u>7,968</u>	<u>-</u>
	<u>78,592</u>	<u>-</u>

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(y) Income derived from investment of depositors' funds and others (continued)****(iii) Income derived from investment of other deposits**

	The Group	
	2015	2014
	RM'000	RM'000
Financing, advances and other financing/loans		
- profit income	582,791	737,781
- unwinding income [^]	3,201	3,296
Financial assets held for trading	8,275	11,691
Financial investments available-for-sale	30,342	27,111
Financial investments held-to-maturity	14,565	13,825
Money at call and deposits with financial institutions	67,105	100,548
	706,279	894,252
Accretion of discount less amortisation of premium	30,945	39,745
Total finance income and hibah	737,224	933,997
Other operating income		
- Net gain/(loss) from financial assets held for trading		
-realised	94	339
-unrealised	1,388	(168)
- Net gain from sale of financial investments available-for-sale	570	1,776
- Net loss from foreign exchange transactions	(26,732)	(18,017)
	(24,680)	(16,070)
Fee and commission income	4,111	2,663
	716,655	920,590

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(z) Net income/(expenses) derived from investment of shareholders' funds**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financing, advances and other financing/loans				
- profit income	136,565	103,075	21,752	5,211
- unwinding income [^]	650	443	-	-
Financial assets held for trading	1,690	1,590	27	13
Financial investments available-for-sale	6,581	4,081	120	92
Financial investments held-to-maturity	3,221	2,090	235	239
Money at call and deposits with financial institutions	13,579	13,644	259	240
	162,286	124,923	22,393	5,795
Accretion of discount less amortisation of premium	6,233	5,452	-	-
Total finance income and hibah	168,519	130,375	22,393	5,795
Other operating income				
- Net gain/(loss) from financial assets held for trading				
- Realised	9	49	-	-
- Unrealised	323	(10)	33	(7)
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(2,534)	(287)	-	-
- Unrealised	(6)	105	-	-
- Net gain from sale of financial investments available-for-sale	3,590	244	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	103,921	70,749	507	(214)
- Unrealised	(2,938)	(9,878)	26	(28)
- Net (loss)/gain from foreign exchange transactions	(5,709)	(3,577)	(731)	9
- Net (loss)/gain from hedging derivatives	(609)	231	(609)	231
	96,047	57,626	(774)	(9)
Fee and commission income	111,773	101,481	980	3,122
Fee and commission expense	(4,321)	(3,970)	-	-
Net fee and commission income	107,452	97,511	980	3,122
Sundry income	6,517	4,537	-	112
	378,535	290,049	22,599	9,020

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(aa) Allowances for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
(i) Individual impairment allowance				
- Net allowance made during the financial year	7,436	19,016	-	-
(iii) Portfolio impairment allowance				
- Net allowance made during the financial year	126,030	124,569	826	1,165
Bad debts on financing:				
- recovered	(41,356)	(44,477)	-	-
- written off	3,161	2,363	-	-
	95,271	101,471	826	1,165

(ab) Income attributable to depositors

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	75,322	115,221	20,182	7,522
- Non-Mudharabah	1,214,675	919,718	1,225	844
Deposits and placements of banks and other financial institutions				
- Mudharabah	15,585	24,355	3,233	2,702
- Non-Mudharabah	22,678	8,092	8,420	616
Financial liabilities designated at fair value	7,311	7,020	-	-
Others	48,496	40,142	5,069	1,103
	1,384,067	1,114,548	38,129	12,787

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(ac) Personnel expenses**

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries, allowances and bonuses	64,266	64,875	2,676	2,630
Pension costs (defined contribution plan)	3,500	3,250	-	-
Staff incentives and other staff payments	2,024	5,485	-	-
Mutual separation scheme	2,586	-	-	-
Medical expenses	1,385	501	-	-
Others	1,076	824	-	-
	74,837	74,935	2,676	2,630

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM1,225,160 (2014: RM914,025).

(ad) Other overheads and expenditures

	The Group		The Bank	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Establishment costs				
Rental	2,066	1,788	88	207
Depreciation of property, plant and equipment	3,843	3,401	17	11
Repairs and maintenance	572	2,963	-	-
Outsourcing expenses	937	1,423	19	25
Security expenses	10	35	-	-
Utility expenses	239	256	-	-
Others	1,588	911	-	-
Marketing expenses				
Advertisement and publicity	5,165	5,534	380	921
Others	1,890	2,683	-	-
Administration and general expenses				
Auditor's remuneration - statutory audit	210	154	-	-
Amortisation of intangible assets	10,298	10,131	26	23
Consultancy and professional fees	963	275	-	-
Legal expenses	225	611	-	-
Stationery	1,067	775	393	102
Communication	183	613	-	-
Incidental expenses on banking operations	1,380	3,540	-	-
Postage	3,322	3,075	-	-
Donation	5,115	4,519	-	-
Others	15,359	12,143	-	-
	54,432	54,830	923	1,289
Shared service cost	384,961	361,552	-	-
	439,393	416,382	923	1,289

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(ae) Significant related party transactions and balances**

The related parties of, and their relationship with the Group and Bank, are disclosed in Note 42.

	Conventional operations RM'000	Other related companies RM'000	Key management personnel RM'000
2015			
Income			
Fee income	-	554	-
Profit income on deposits and placements with banks and other financial institutions	6,891	3,612	-
Profit income on financing, advances and other financing/loans	-	-	13
Expenditure			
Profit expense on deposits and placements of banks and other financial institutions	23,639	16,154	-
Profit expense on deposits from customers	-	3,037	-
Profit expense on placement from investment account	115,328	-	-
Profit expense on subordinated Sukuk	119	-	-
Shared service costs	355,288	29,634	-
Security services	-	10	-
Outsource expenses	-	520	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	646,950	2,219	-
Profit income on deposits and placements with banks and other financial institution	1,178	-	-
Financing, advances and other financing/loans	-	-	2,219
Derivatives	168,202	-	-
Amounts due to			
Deposits from customers	-	152,216	1,694
Deposits and placements of banks and other financial institutions	472,346	177,269	-
Placement from Investment Account	2,894,994	-	-
Profit expense on deposits from customers	-	69	-
Profit expense on deposits and placements of banks and other financial institutions	1,099	15	-
Profit expense on placement from investment account	5,988	-	-
Subordinated Sukuk	1,066	-	-
Derivatives	443,903	-	-
Commitment and contingencies			
Equity related contracts	116,332	-	-
Foreign exchange related contracts	4,499,042	-	-
Credit related contract	27,150	-	-
Profit rate related contracts	8,460,669	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(ae) Significant related party transactions and balances (continued)**

	Conventional operations RM'000	Other related companies RM'000	Key management personnel RM'000
2014			
Income			
Fee income	-	455	-
Profit income on deposits and placements with banks and other financial institutions	1,659	4,146	-
Expenditure			
Profit expense on deposits and placements of banks and other financial institutions	127,906	15,532	-
Profit expense on deposits from customers	-	2,423	3
Profit expense on subordinated Sukuk	56	-	-
Shared service costs	283,499	78,054	-
Security services	-	35	-
Outsource expenses	-	39	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	437,409	88,941	-
Profit income on deposits and placements with banks and other financial institutions	1,095	174	-
Derivatives	156,457	-	-
Amounts due to			
Deposits from customers	-	149,938	1,808
Deposits and placements of banks and other financial institutions	3,381,404	209,402	-
Profit expense on deposits from customers	-	24	-
Profit expense on deposits and placements of banks and other financial institutions	12,416	522	-
Subordinated Sukuk	4,611	-	-
Derivatives	219,077	-	-
Commitment and contingencies			
Equity related contracts	116,893	-	-
Foreign exchange related contracts	2,780,292	-	-
Credit related contract	27,430	-	-
Profit rate related contracts	11,742,690	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(af) Taxation****(i) Tax expense for the financial year**

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	181,446	164,647	-	-
Deferred taxation (Note i)	(5,775)	1,237	-	-
(Over)/under provision in prior year	(2,195)	154	-	-
	173,476	166,038	-	-

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation is as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	763,382	705,844	78,442	45,405
Tax calculated at tax rate of 25% (2014: 25%)	190,845	176,461	19,611	11,351
- effect of different tax rates in other countries	(2,752)	(5,934)	(3,834)	(3,588)
- income not subject to tax	(17,949)	(6,999)	(15,777)	(7,763)
- expenses not deductible for tax purposes	5,527	2,356	-	-
(Over)/under provision in prior year	(2,195)	154	-	-
	173,476	166,038	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2015 (Continued)****55 The operations of Islamic Banking (Continued)****(ag) Sources and uses of charity funds**

Earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

	The Group		The Bank	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sources of charity funds				
Balance as at 1 January	550	633	509	-
Non-shariah compliance income	-	466	-	465
Exchange fluctuation	60	44	60	44
Total sources of charity funds during the year	<u>610</u>	<u>1,143</u>	<u>569</u>	<u>509</u>
Uses of charity funds				
Contribution to non-profit organisation	569	343	569	-
Contribution to government agencies	41	250	-	-
Total uses of charity funds during the year	<u>610</u>	<u>593</u>	<u>569</u>	<u>-</u>
Undistributed charity funds as at 31 December	-	550	-	509

56 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 8 March 2016.