

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	The Group		The Bank	
		30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Assets					
Cash and short term funds	A6	31,755,608	33,341,519	22,075,283	19,642,521
Reverse repurchase agreements		6,647,683	6,484,687	6,350,490	5,000,601
Deposits and placements with banks and other financial institutions	A6	3,450,162	1,194,205	13,066,847	9,227,427
Financial assets at fair value through profit or loss	A7	25,229,235	-	19,449,200	-
Debt instruments at fair value through other comprehensive income	A8	24,719,153	-	16,896,178	-
Equity instruments at fair value through other comprehensive income	A9	1,031,715	-	1,017,830	-
Debt instruments at amortised cost	A10	35,723,416	-	28,501,789	-
Financial assets held for trading	A11	-	20,410,054	-	15,992,404
Financial investments available-for-sale	A12	-	24,604,276	-	20,055,267
Financial investments held-to-maturity	A13	-	34,323,102	-	28,698,561
Derivative financial instruments	A26	8,541,846	8,370,447	5,642,358	6,062,542
Loans, advances and financing	A14	282,263,811	261,788,709	182,359,912	176,897,036
Other assets	A15	7,738,167	9,372,677	6,555,926	8,132,565
Tax recoverable		8,477	9,246	-	-
Deferred taxation		447,384	333,851	280,930	111,658
Statutory deposits with central banks		8,146,012	8,630,364	5,576,320	6,503,641
Amounts due from holding company and ultimate holding company		10,615	3,227	10,615	3,227
Amount due from subsidiaries		-	-	406,647	63,827
Amount due from related companies		1,024,574	1,107,017	1,023,519	1,105,782
Investment in subsidiaries		-	-	6,033,140	6,002,931
Investment in joint venture		171,658	169,688	125,000	125,000
Goodwill		5,219,060	5,177,536	3,555,075	3,555,075
Intangible assets		966,737	1,002,253	844,335	877,706
Prepaid lease payments		389	397	-	-
Property, plant and equipment		894,227	732,387	556,171	396,628
		443,989,929	417,055,642	320,327,565	308,454,399
Non-current assets/disposal groups held for sale		4,199	4,199	-	-
Total Assets		443,994,128	417,059,841	320,327,565	308,454,399
Liabilities					
Deposits from customers	A16	306,769,706	295,900,121	210,687,581	207,442,951
Investment accounts of customers	A17	3,439,547	907,763	-	-
Deposits and placements of banks and other financial institutions	A18	23,485,523	17,101,949	22,085,392	16,164,109
Repurchase agreements		10,605,251	3,318,517	8,505,921	3,318,517
Financial liabilities designated at fair value through profit or loss	A19	5,824,494	4,773,440	1,522,451	1,900,972
Derivative financial instruments	A26	8,608,540	8,728,437	5,567,910	6,523,609
Bills and acceptances payable		1,255,635	1,926,089	473,103	1,086,455
Amount due to subsidiaries		-	-	15,110	12,555
Amount due to related companies		35,124	13,267	33,339	10,308
Other liabilities	A20	10,523,609	12,003,591	9,307,374	10,430,514
Recourse obligation on loans and financing sold to Cagamas		5,066,738	5,195,248	3,149,791	3,122,948
Provision for taxation		284,467	358,462	232,013	300,254
Deferred taxation		-	2,639	-	-
Bonds, Sukuk and debentures		12,177,505	13,263,385	10,613,340	11,204,948
Other borrowings		5,329,040	5,100,684	5,704,849	5,697,728
Subordinated obligations		11,657,864	10,361,318	10,755,022	9,533,891
Total Liabilities		405,063,043	378,954,910	288,653,196	276,749,759
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		18,888,794	17,610,939	18,888,794	17,610,939
Reserves		19,539,082	20,007,741	12,555,835	13,863,961
		38,427,876	37,618,680	31,444,629	31,474,900
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		273,469	256,511	-	-
Total Equity		38,931,085	38,104,931	31,674,369	31,704,640
Total Equity and Liabilities		443,994,128	417,059,841	320,327,565	308,454,399
Commitments and contingencies	A27	1,057,229,778	854,570,236	616,079,748	557,231,592
Net assets per ordinary share attributable to owners of the Parent (RM)		2.03	2.14	1.66	1.79

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

<u>The Group</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Interest income	A21	3,564,510	3,375,878	10,306,389	9,931,282
Interest expense	A22	(1,884,642)	(1,652,887)	(5,341,219)	(4,798,141)
Net interest income		1,679,868	1,722,991	4,965,170	5,133,141
Income from Islamic Banking operations	A32(b)	582,006	448,890	1,682,526	1,295,408
Net non-interest income	A23	770,863	780,464	2,078,265	2,258,743
Net income		3,032,737	2,952,345	8,725,961	8,687,292
Overheads	A24	(1,450,107)	(1,401,769)	(4,255,839)	(4,088,386)
Profit before expected credit losses/allowances		1,582,630	1,550,576	4,470,122	4,598,906
Expected credit losses/allowance for impairment losses on loans, advances and financing	A25(a)	(234,358)	(315,708)	(514,289)	(781,901)
Expected credit losses/allowance (made)/written-back for commitments and contingencies		(1,398)	(676)	(8,886)	16,245
Other expected credit losses/allowance made for other impairment losses	A25(b)	(96,232)	(2,118)	(98,288)	(23,001)
Share of results of joint venture		1,250,642	1,232,074	3,848,659	3,810,249
		321	1,048	1,971	3,298
Profit before taxation and zakat		1,250,963	1,233,122	3,850,630	3,813,547
Taxation and zakat		(207,112)	(255,398)	(816,657)	(776,997)
Profit for the financial period		1,043,851	977,724	3,033,973	3,036,550
Profit for the financial period attributable to:					
Owners of the Parent		1,039,392	977,766	3,018,950	3,028,994
Non-controlling interests		4,459	(42)	15,023	7,556
		1,043,851	977,724	3,033,973	3,036,550
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	18.04	18.22	53.72	57.04

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

The Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,043,851	977,724	3,033,973	3,036,550
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	(857)	(67)	(497)	(300)
- Currency translation difference	(857)	(67)	(497)	(300)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(785)	-	7,528	-
Equity instruments at fair value through other comprehensive income	(22,614)	-	(12,112)	-
- Net loss from change in fair value	(19,426)	-	(10,507)	-
- Income tax effects	(735)	-	132	-
- Currency translation difference	(2,453)	-	(1,737)	-
	(24,256)	(67)	(5,081)	(300)
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	-	94,947	-	300,081
- Net gain from change in fair value	-	139,777	-	388,892
- Realised gain transferred to statement of income on disposal and impairment	-	(30,629)	-	(46,912)
- Income tax effects	-	(15,031)	-	(43,082)
- Currency translation difference	-	830	-	1,183
Debt instruments at fair value through other comprehensive income	56,746	-	(75,019)	-
- Net gain/(loss) from change in fair value	98,197	-	(40,140)	-
- Realised gain transferred to statement of income on disposal	(11,863)	-	(29,404)	-
- Changes in expected credit losses	(2,349)	-	995	-
- Income tax effects	(28,628)	-	(7,472)	-
- Currency translation difference	1,389	-	1,002	-
Net investment hedge	(133,600)	58,681	(72,944)	175,335
Cash flow hedge	709	575	3,556	6,234
- Net gain from change in fair value	925	756	4,446	8,413
- Income tax effects	(216)	(181)	(890)	(2,179)
Exchange fluctuation reserve	484,700	(93,341)	271,958	(279,339)
Deferred hedging cost	8,217	-	36,902	-
	416,772	60,862	164,453	202,311
Other comprehensive income for the financial period, net of tax	392,516	60,795	159,372	202,011
Total comprehensive income for the financial period	1,436,367	1,038,519	3,193,345	3,238,561
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,421,238	1,036,978	3,174,426	3,227,415
Non-controlling interests	15,129	1,541	18,919	11,146
	1,436,367	1,038,519	3,193,345	3,238,561

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

<u>The Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Interest income	A21	3,135,872	2,926,620	9,075,102	8,599,555
Interest expense	A22	(1,756,404)	(1,536,138)	(4,993,513)	(4,435,139)
Net interest income		1,379,468	1,390,482	4,081,589	4,164,416
Income from Islamic Banking operations	A32(b)	35,234	38,160	119,874	118,383
Net non-interest income	A23	699,417	672,627	1,840,976	1,933,877
Net income		2,114,119	2,101,269	6,042,439	6,216,676
Overheads	A24	(1,013,459)	(991,216)	(2,994,582)	(2,904,702)
Profit before expected credit losses/allowances		1,100,660	1,110,053	3,047,857	3,311,974
Expected credit losses/allowance for impairment losses on loans, advances and financing	A25(a)	(145,833)	(123,010)	(233,193)	(293,788)
Expected credit losses/allowance written-back/(made) for commitments and contingencies		8,037	-	20,251	(2,222)
Other expected credit losses/allowance made for other impairment losses	A25(b)	(91,886)	(79)	(96,323)	(16,551)
Profit before taxation		870,978	986,964	2,738,592	2,999,413
Taxation		(156,147)	(194,430)	(591,509)	(601,167)
Profit for the financial period		714,831	792,534	2,147,083	2,398,246
Earnings per share - basic (sen)	B3	12.41	14.77	38.21	45.16

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

<u>The Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Profit for the financial period	714,831	792,534	2,147,083	2,398,246
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(785)	-	7,528	-
Equity instruments at fair value through other comprehensive income	(21,261)	-	(10,114)	-
- Net loss from change in fair value	(19,391)	-	(8,935)	-
- Income tax effects	(745)	-	(219)	-
- Currency translation difference	(1,125)	-	(960)	-
	(22,046)	-	(2,586)	-
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	-	76,983	-	242,115
- Net gain from change in fair value	-	109,375	-	301,310
- Realised gain transferred to statement of income on disposal and impairment	-	(22,601)	-	(32,646)
- Income tax effects	-	(10,624)	-	(28,066)
- Currency translation difference	-	833	-	1,517
Debt instruments at fair value through other comprehensive income	62,584	-	(32,061)	-
- Net gain/(loss) from change in fair value	95,563	-	(3,865)	-
- Realised gain transferred to statement of income on disposal	(8,698)	-	(21,593)	-
- Changes in expected credit losses	(2,389)	-	(263)	-
- Income tax effects	(23,281)	-	(7,342)	-
- Currency translation difference	1,389	-	1,002	-
Net investment hedge	(125,014)	53,913	(64,843)	158,404
Cash flow hedge	(345)	575	(260)	6,234
- Net (loss)/gain from change in fair value	(454)	756	(342)	8,413
- Income tax effects	109	(181)	82	(2,179)
Exchange fluctuation reserve	182,568	(83,830)	96,313	(258,019)
Deferred hedging cost	7,169	-	36,066	-
	126,962	47,641	35,215	148,734
Other comprehensive income for the financial period, net of tax	104,916	47,641	32,629	148,734
Total comprehensive income for the financial period	819,747	840,175	2,179,712	2,546,980

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

← Attributable to owners of the Parent →

The Group	Attributable to owners of the Parent																		Total Equity RM'000	
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000		Non- controlling interests RM'000
At 1 January 2018	17,610,939	29,740	49,941	1,776,264	-	-	500,464	(1,085,928)	735,457	(1,139,101)	-	1,500,556	-	43,638	(17,532)	17,643,982	37,648,420	200,000	256,511	38,104,931
Effect of adopting MFRS 9 (Note 33)	-	-	-	-	(69,881)	(33,188)	(500,464)	-	-	-	55	11,092	(4,212)	-	-	(283,768)	(880,366)	-	(1,961)	(882,327)
1 January 2018, as restated	17,610,939	29,740	49,941	1,776,264	(69,881)	(33,188)	-	(1,085,928)	735,457	(1,139,101)	55	1,511,648	(4,212)	43,638	(17,532)	17,360,214	36,768,054	200,000	254,550	37,222,604
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,018,950	3,018,950	-	15,023	3,033,973
Other comprehensive income/ (expenses) (net of tax)	-	-	-	264,414	(71,912)	(12,005)	-	-	-	(69,388)	36,902	-	7,528	434	(497)	-	155,476	-	3,896	159,372
- debt instruments at fair value through other comprehensive income	-	-	-	-	(71,912)	-	-	-	-	-	-	-	-	-	-	-	(71,912)	-	(3,107)	(75,019)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(12,005)	-	-	-	-	-	-	-	-	-	-	(12,005)	-	(107)	(12,112)
- net investment hedge	-	-	-	-	-	-	-	-	-	(72,944)	-	-	-	-	-	-	(72,944)	-	-	(72,944)
- cash flow hedge	-	-	-	-	-	-	-	-	-	3,556	-	-	-	-	-	-	3,556	-	-	3,556
- currency translation difference	-	-	-	264,414	-	-	-	-	-	-	-	-	-	434	-	-	264,848	-	7,110	271,958
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(497)	-	(497)	-	-	(497)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	7,528	-	-	-	7,528	-	-	7,528
- deferred hedging cost	-	-	-	-	-	-	-	-	-	-	36,902	-	-	-	-	-	36,902	-	-	36,902
Total comprehensive income/ (expenses) for the financial period	-	-	-	264,414	(71,912)	(12,005)	-	-	-	(69,388)	36,902	-	7,528	434	(497)	3,018,950	3,174,426	-	18,919	3,193,345
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	55,566	-	-	-	(55,566)	-	-	-	-
Transfer to statutory reserve	-	-	643	-	-	-	-	-	-	-	-	-	-	-	-	(643)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	36,932	-	-	36,932	-	-	36,932
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	-	(1,627,553)
First interim dividends for the financial year ending 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,140,574)	(1,140,574)	-	-	(1,140,574)
Issue of shares from rights issue	1,277,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,855	-	-	1,277,855
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,524)	-	-	(31,524)	-	-	(31,524)
At 30 September 2018	18,888,794	29,740	50,584	2,040,678	(141,793)	(45,193)	-	(1,085,928)	735,457	(1,208,489)	36,957	1,567,214	3,316	49,480	(18,029)	17,554,828	38,457,616	200,000	273,469	38,931,085

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

The Group	Attributable to owners of the Parent																Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	
At 1 January 2017	5,276,655	29,740	10,910,056	6,762,769	2,472,013	194,776	(1,085,928)	735,457	(1,511,287)	1,319,524	36,496	(25,602)	9,173,950	34,288,619	200,000	403,875	34,892,494
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	3,028,994	3,028,994	-	7,556	3,036,550
Other comprehensive (expenses)/ income (net of tax)	-	-	-	-	(279,646)	296,776	-	-	181,569	-	22	(300)	-	198,421	-	3,590	202,011
- financial investments available-for-sale	-	-	-	-	-	296,776	-	-	-	-	-	-	-	296,776	-	3,305	300,081
- net investment hedge	-	-	-	-	-	-	-	-	175,335	-	-	-	-	175,335	-	-	175,335
- cash flow hedge	-	-	-	-	-	-	-	-	6,234	-	-	-	-	6,234	-	-	6,234
- currency translation difference	-	-	-	-	(279,646)	-	-	-	-	-	22	-	-	(279,624)	-	285	(279,339)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(300)	-	(300)	-	-	(300)
Total comprehensive income/ (expenses) for the financial period	-	-	-	-	(279,646)	296,776	-	-	181,569	-	22	(300)	3,028,994	3,227,415	-	11,146	3,238,561
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	139,282	-	-	(139,282)	-	-	-	-
Transfer from statutory reserve	-	-	-	(6,712,829)	-	-	-	-	-	-	-	-	6,712,829	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,808	-	-	31,808	-	-	31,808
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	(844,265)	(844,265)	-	-	(844,265)
First interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,282,864)	(1,282,864)	-	-	(1,282,864)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	-	490,363	-	28,137	518,500
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(26,708)	-	-	(26,708)	-	-	(26,708)
At 30 September 2017	16,677,074	29,740	-	49,940	2,192,367	491,552	(1,085,928)	735,457	(1,329,718)	1,458,806	41,618	(25,902)	16,649,362	35,884,368	200,000	443,158	36,527,526

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

The Bank	Non-distributable						Distributable									
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2018	17,610,939	29,740	652,165	-	-	501,733	(1,047,872)	746,852	(670,363)	-	1,208,956	-	38,829	12,433,661	200,000	31,704,640
Effect of adopting MFRS 9 (Note 33)	-	-	-	(67,887)	(7,428)	(501,733)	-	-	-	55	56,728	(4,212)	-	(199,930)	-	(724,407)
1 January 2018, as restated	17,610,939	29,740	652,165	(67,887)	(7,428)	-	(1,047,872)	746,852	(670,363)	55	1,265,684	(4,212)	38,829	12,233,731	200,000	30,980,233
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	2,147,083	-	2,147,083
Other comprehensive income/ (expenses) (net of tax)	-	-	96,207	(32,061)	(10,114)	-	-	-	(65,103)	36,066	-	7,528	106	-	-	32,629
- debt instruments at fair value through other comprehensive income	-	-	-	(32,061)	-	-	-	-	-	-	-	-	-	-	-	(32,061)
- equity instruments at fair value through other comprehensive income	-	-	-	-	(10,114)	-	-	-	-	-	-	-	-	-	-	(10,114)
- net investment hedge	-	-	-	-	-	-	-	(64,843)	-	-	-	-	-	-	-	(64,843)
- cash flow hedge	-	-	-	-	-	-	-	(260)	-	-	-	-	-	-	-	(260)
- currency translation difference	-	-	96,207	-	-	-	-	-	-	-	-	-	106	-	-	96,313
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	7,528	-	-	-	-	7,528
- deferred hedging cost	-	-	-	-	-	-	-	-	36,066	-	-	-	-	-	-	36,066
Total comprehensive income/ (expenses) for the financial period	-	-	96,207	(32,061)	(10,114)	-	-	-	(65,103)	36,066	-	7,528	106	2,147,083	-	2,179,712
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(32,610)	-	-	-	32,610	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	33,498	-	-	33,498
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	-	(1,627,553)
First interim dividends for the financial year ending 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,140,574)	-	(1,140,574)
Issue of shares from rights issue	1,277,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,855
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(28,802)	-	-	-	(28,802)
At 30 September 2018	18,888,794	29,740	748,372	(99,948)	(17,542)	-	(1,047,872)	746,852	(735,466)	36,121	1,233,074	3,316	43,631	11,645,297	200,000	31,674,369

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

The Bank	Non-distributable										Distributable			
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2017	5,276,655	29,740	10,910,056	5,806,237	1,172,667	244,834	(1,047,872)	746,852	(1,013,305)	1,118,180	32,149	5,204,464	200,000	28,680,657
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,398,246	-	2,398,246
Other comprehensive (expenses)/ income (net of tax)	-	-	-	-	(258,003)	242,115	-	-	164,638	-	(16)	-	-	148,734
- financial investments available-for-sale	-	-	-	-	-	242,115	-	-	-	-	-	-	-	242,115
- net investment hedge	-	-	-	-	-	-	-	158,404	-	-	-	-	-	158,404
- cash flow hedge	-	-	-	-	-	-	-	6,234	-	-	-	-	-	6,234
- currency translation difference	-	-	-	-	(258,003)	-	-	-	-	(16)	-	-	-	(258,019)
Total comprehensive (expenses)/ income for the financial period	-	-	-	-	(258,003)	242,115	-	-	164,638	-	(16)	2,398,246	-	2,546,980
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	77,976	-	-	(77,976)	-	-
Transfer from statutory reserve	-	-	-	(5,806,237)	-	-	-	-	-	-	-	5,806,237	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	27,655	-	-	27,655
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(844,265)	-	(844,265)
First interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	(1,282,864)	-	(1,282,864)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	-	490,363
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(23,075)	-	-	(23,075)
At 30 September 2017	16,677,074	29,740	-	-	914,664	486,949	(1,047,872)	746,852	(848,667)	1,196,156	36,713	11,203,842	200,000	29,595,451

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	The Group		The Bank	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Profit before taxation and zakat	3,850,630	3,813,547	2,738,592	2,999,413
Adjustments for non-operating and non-cash items	(141,130)	271,372	(673,855)	(487,445)
Operating profit before changes in working capital	3,709,500	4,084,919	2,064,737	2,511,968
Net changes in operating assets	(24,945,074)	(5,171,630)	(10,787,514)	1,177,229
Net changes in operating liabilities	25,699,382	13,333,686	11,904,946	7,993,136
	754,308	8,162,056	1,117,432	9,170,365
Cash flows generated from operations	4,463,808	12,246,975	3,182,169	11,682,333
Taxation paid	(554,412)	(320,922)	(414,322)	(227,457)
Net cash flows generated from operating activities	3,909,396	11,926,053	2,767,847	11,454,876
Net cash flows (used in)/generated from investing activities	(3,670,951)	(3,797,214)	1,103,227	(4,542,377)
Net cash flows (used in)/generated from financing activities	(2,110,750)	7,847,980	(1,650,844)	7,442,830
Net (decrease)/increase in cash and cash equivalents	(1,872,305)	15,976,819	2,220,230	14,355,329
Effects of exchange rate changes	286,394	(981,081)	212,532	(906,933)
Cash and cash equivalents at the beginning of financial period	33,341,519	18,620,310	19,642,521	10,358,003
Cash and cash equivalents at end of financial period	31,755,608	33,616,048	22,075,283	23,806,399

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 September 2018 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2017.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers" and "Clarifications to MFRS 15"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 140 "Transfers of Investment Property"
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendments to MFRS 1 "First-time adoption of Malaysian Financial Reporting Standards"
 - Amendments to MFRS 128 "Investments in Associates and Joint Ventures"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Bank apply MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedging relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2017 will not be restated. The impact of adoption of MFRS 9 to the Group and the Bank are disclosed in Note 33.

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained profits as at 1 January 2018.

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

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

A2. CHANGES IN ESTIMATES

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

PART A - EXPLANATORY NOTES

A3 (i) ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

- a) On 22 January 2018, the Bank has redeemed its HKD171 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.
- b) On 22 March 2018, the Bank has redeemed its SGD20 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.
- c) On 29 March 2018, the Bank issued RM700 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.95% p.a.. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.
- d) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM80 million.
- e) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, undertook a partial redemption of the Medium Term Note amounting to RM55.8 million.
- f) On 13 February 2018, the Bank completed the capital injection of USD6.2 million into new ordinary shares of CIMB Bank PLC. The new ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.
- g) On 29 March 2018, CIMB Thai Bank issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, and 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 RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/ 2561.
- h) On 21 June 2018, the Bank issued 224.6 million Rights Issue at RM5.69 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM1,278 million.
- i) The Bank had redeemed its SGD100 million 3-year senior fixed rate notes with a maturity date of 30 June 2018 issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- j) On 6 August 2018, the Bank has redeemed its CNY220 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- k) On 4 September 2018, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018 and CIMB Thai Bank successfully raised a total capital of approximately THB4.0 billion.

Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank has increased from 94.11 % to 94.83% due to the full subscription to its allotment of shares and the subscription of excess shares which were not taken up by the minority shareholders.

- l) On 13 September 2018, the Bank has redeemed its RM750 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- m) On 13 September 2018, the Bank issued RM1.2 billion 11 years non-callable 6 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.88% p.a.. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.
- n) On 5 October 2018, the Bank has redeemed its RM1.0 billion Subordinated Bonds issued under the Innovative Tier-1 Capital Securities Programme .
- o) On 16 October 2018, the Bank has redeemed its RM300 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- p) On 23 October 2018, the Bank issued a nominal value RM1.0 billion perpetual subordinated capital securities ("Additional Tier 1 Securities"). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.40% p.a. The Additional Tier 1 Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

A3 (ii) STATUS OF CORPORATE PROPOSAL

- a) On 2 July 2018, CIMB Bank Philippines Inc. ("CIMBPH"), a foreign bank branch of CIMB Bank, entered into a Memorandum of Agreement ("MOA") with I-Pay MYEG Philippines Inc ("IPMPI") for the purpose of marketing CIMBPH's financial products on IPMPI's digital services and platforms to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the date CIMBPH commences its banking operations.
- b) On 24 August 2018, CIMBPH signed a MOA with G-Xchange, Inc ("GX") GXI is a wholly-owned subsidiary of Globe Fintech Innovations, Inc. ("Mynt"), which in turn is owned by Ant Financial, Ayala Corporation, and Globe Telecom. The agreement is for the purpose of creating and marketing innovative financial products on GXI's digital platform to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the signing date.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 29.40 sen per share, on 5,535,895,089 ordinary shares of RM1.00 each, amounting to RM1,628 million in respect of the financial year ended 31 December 2017, which was approved by the Board of Directors on 29 January 2018, was paid on 22 March 2018.

A first interim dividend of approximately 19.80 sen per share, on 5,760,474,273 ordinary shares, amounting to RM1,141 million in respect of the financial year ending 31 December 2018, which was approved by the Board of Directors on 26 July 2018, was paid on 28 September 2018.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 September 2018 and the date of this announcement, other than those disclosed under issuance and repayment of debts and equity securities.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 September 2018, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM178,000 and RM4,926,000 for the Group and RM126,000 and RM2,229,000 for the Bank. The 12-month expected credit losses made in the income statements of the Group and the Bank during the financial period amounting to RM3,304,000 and RM772,000 respectively.

A7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,155,065	-	1,155,065	-
Cagamas bonds	463,530	-	458,506	-
Malaysian Government treasury bills	227,476	-	227,476	-
Bank Negara Malaysia Monetary Notes	99,362	-	99,362	-
Bankers' acceptance	327,858	-	327,858	-
Negotiable instruments of deposit	6,156,717	-	3,925,897	-
Other Government securities	3,490,026	-	689,751	-
Government Investment Issues	220,870	-	154,898	-
Other Government treasury bills	4,764,161	-	4,764,161	-
Commercial papers	1,279,721	-	1,230,201	-
	<u>18,184,786</u>	<u>-</u>	<u>13,033,175</u>	<u>-</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	489,206	-	489,206	-
<u>Outside Malaysia</u>				
Shares	111,666	-	111,666	-
	<u>600,872</u>	<u>-</u>	<u>600,872</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	814,780	-	803,515	-
Corporate bond and Sukuk	2,286,383	-	2,249,793	-
<u>Outside Malaysia</u>				
Corporate bond	2,932,034	-	2,351,465	-
Private equity and unit trusts funds	410,380	-	410,380	-
	<u>6,443,577</u>	<u>-</u>	<u>5,815,153</u>	<u>-</u>
	<u>25,229,235</u>	<u>-</u>	<u>19,449,200</u>	<u>-</u>

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	770,214	-	765,203	-
Cagamas bonds	204,584	-	178,412	-
Khazanah bonds	65,343	-	65,343	-
Other government treasury bills	78,639	-	78,639	-
Other government securities	2,272,417	-	563,672	-
Negotiable instruments of deposit	377,054	-	377,054	-
Government investment issues	1,108,109	-	313,157	-
Commercial papers	59,697	-	49,939	-
	<u>4,936,057</u>	<u>-</u>	<u>2,391,419</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	13,136,222	-	11,245,356	-
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	6,646,873	-	3,259,403	-
Unit trust fund	1	-	-	-
	<u>19,783,096</u>	<u>-</u>	<u>14,504,759</u>	<u>-</u>
	<u>24,719,153</u>	<u>-</u>	<u>16,896,178</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Expected credit losses movement for debt instruments at fair value through other comprehensive income:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value.

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	20,486	4,050	133,306	157,842
Adjusted 1 January 2018	20,486	4,050	133,306	157,842
Changes in expected credit losses due to transferred within stages:	(44)	44	-	-
Transferred to Stage 2	(44)	44	-	-
Total charge to Income Statement:	(18,194)	16,309	2,880	995
New financial assets purchased	24,170	-	-	24,170
Financial assets that have been derecognised	(2,840)	(161)	-	(3,001)
Change in credit risk	(39,524)	16,470	2,880	(20,174)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	79	-	(24)	55
Other movements	-	-	(40,177)	(40,177)
At 30 September 2018	2,327	20,403	30,306	53,036

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	19,376	3,888	133,306	156,570
Adjusted 1 January 2018	19,376	3,888	133,306	156,570
Changes in expected credit losses due to transferred within stages:	(44)	44	-	-
Transferred to Stage 2	(44)	44	-	-
Total charge to Income Statement:	(12,167)	9,024	2,880	(263)
New financial assets purchased	19,071	-	-	19,071
Financial assets that have been derecognised	(2,086)	-	-	(2,086)
Change in credit risk	(29,152)	9,024	2,880	(17,248)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	37	-	(24)	13
Other movements	-	-	(40,177)	(40,177)
At 30 September 2018	7,202	12,956	30,306	50,464

PART A - EXPLANATORY NOTES (CONTINUED)**A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)**

Gross carrying amount movement for debt instruments at fair value through other comprehensive income classified as credit impaired:

The Group	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 January 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,643)	(44,643)
Exchange fluctuation	(87)	(87)
At 30 September 2018	30,306	30,306

The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 January 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,643)	(44,643)
Exchange fluctuation	(87)	(87)
At 30 September 2018	30,306	30,306

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Quoted securities:				
<u>In Malaysia</u>				
Shares	108	-	108	-
<u>Outside Malaysia</u>				
Shares	3,007	-	-	-
Unit trusts	5,610	-	-	-
	<u>8,725</u>	<u>-</u>	<u>108</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	172,883	-	172,246	-
Perpetual corporate bonds	330,217	-	330,217	-
<u>Outside Malaysia</u>				
Shares	4,778	-	147	-
Private equity and unit trusts funds	515,112	-	515,112	-
	<u>1,022,990</u>	<u>-</u>	<u>1,017,722</u>	<u>-</u>
	<u>1,031,715</u>	<u>-</u>	<u>1,017,830</u>	<u>-</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	3,126,586	-	3,026,352	-
Cagamas bonds	247,839	-	237,680	-
Other Government treasury bills	2,258,007	-	2,258,007	-
Other Government's securities	1,485,835	-	513,948	-
Malaysian Government Investment Issue	8,843,012	-	6,766,663	-
Khazanah bonds	397,255	-	397,255	-
	<u>16,358,534</u>	<u>-</u>	<u>13,199,905</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	16,946,900	-	13,209,168	-
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,456,707	-	2,121,284	-
	<u>19,403,607</u>	<u>-</u>	<u>15,330,452</u>	<u>-</u>
Amortisation of premium net of accretion of discount	83,009	-	88,553	-
Less : Expected credit losses	(121,734)	-	(117,121)	-
	<u>35,723,416</u>	<u>-</u>	<u>28,501,789</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit	credit losses - not	credit losses	
	losses (Stage 1)	credit impaired	- Credit impaired	
	RM'000	(Stage 2)	(Stage 3)	RM'000
		RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	9,604	9,876	7,180	26,660
Adjusted 1 January 2018	9,604	9,876	7,180	26,660
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(46)	46	-	-
Total charge to Income Statement:	191	94,890	-	95,081
New financial assets purchased	6,166	-	-	6,166
Financial assets that have been derecognised	(169)	(13)	-	(182)
Change in credit risk	(5,806)	94,903	-	89,097
Exchange fluctuation	(11)	-	4	(7)
At 30 September 2018	9,738	104,812	7,184	121,734

The Bank	12-month	Lifetime expected	Lifetime expected	Total
	expected credit	credit losses - not	credit losses	
	losses (Stage 1)	credit impaired	- Credit impaired	
	RM'000	(Stage 2)	(Stage 3)	RM'000
		RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	9,186	9,876	-	19,062
Adjusted 1 January 2018	9,186	9,876	-	19,062
Total charge to Income Statement:	3,310	94,761	-	98,071
New financial assets purchased	8,455	-	-	8,455
Financial assets that have been derecognised	(135)	(13)	-	(148)
Change in credit risk	(5,010)	94,774	-	89,764
Exchange fluctuation	(12)	-	-	(12)
At 30 September 2018	12,484	104,637	-	117,121

Gross carrying amount movement for debt instruments at amortised cost classified as credit impaired:

The Group	Lifetime expected	Total
	credit losses - credit	
	impaired	
	(Stage 3)	
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adoption of MFRS 9	7,180	7,180
Adjusted 1 January 2018	7,180	7,180
Exchange fluctuation	4	4
At 30 September 2018	7,184	7,184

PART A - EXPLANATORY NOTES (CONTINUED)

A11. FINANCIAL ASSETS HELD FOR TRADING

	The Group 31 Dec 2017 RM'000	The Bank 31 Dec 2017 RM'000
Money market instruments		
Unquoted:		
Malaysian Government Securities	365,484	365,484
Cagamas bonds	188,085	137,326
Malaysian Government treasury bills	25,298	23,941
Other Government securities	2,273,146	1,201,031
Other Government treasury bills	4,099,551	4,099,551
Bank Negara Malaysia Monetary Notes	99,343	99,343
Bankers' acceptance	22,149	22,149
Negotiable instruments of deposit	6,288,869	3,523,918
Commercial papers	72,816	72,816
Government Investment Issue	451,167	104,068
	<u>13,885,908</u>	<u>9,649,627</u>
Quoted securities:		
<u>In Malaysia</u>		
Shares	818,460	818,460
<u>Outside Malaysia</u>		
Shares	511,314	511,314
	<u>1,329,774</u>	<u>1,329,774</u>
Unquoted securities:		
<u>In Malaysia</u>		
Shares	1	1
Corporate bond and Sukuk	2,091,025	2,032,902
<u>Outside Malaysia</u>		
Private equity funds	164,242	164,242
Corporate bond and Sukuk	2,939,104	2,815,858
	<u>5,194,372</u>	<u>5,013,003</u>
Total financial assets held-for-trading	<u>20,410,054</u>	<u>15,992,404</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	The Group 31 Dec 2017 RM'000	The Bank 31 Dec 2017 RM'000
Money market instruments		
Unquoted:		
Malaysian Government Securities	289,569	289,569
Malaysian Government Sukuk	22,107	-
Khazanah bonds	132,052	132,052
Government Investment Issue	696,373	341,307
Negotiable instruments of deposit	482,401	482,401
Other Government securities	598,316	585,784
Cagamas bonds	140,874	135,351
Commercial papers	39,825	39,825
	<u>2,401,517</u>	<u>2,006,289</u>
Quoted securities:		
<u>Outside Malaysia</u>		
Shares	4,215	131
Unit trusts	6,001	-
	<u>10,216</u>	<u>131</u>
Unquoted securities:		
<u>In Malaysia</u>		
Shares	1,046,808	1,034,906
Corporate bond and Sukuk	13,763,383	12,285,937
Loan stocks	10,087	10,087
<u>Outside Malaysia</u>		
Shares	32,937	147
Private equity and unit trusts funds	480,263	455,624
Corporate bond and Sukuk	7,164,956	4,516,742
	<u>22,498,434</u>	<u>18,303,443</u>
	<u>24,910,167</u>	<u>20,309,863</u>
Allowance for impairment losses:		
Corporate bond	(67,627)	(67,627)
Private equity funds	(124,472)	(101,892)
Unquoted shares	(103,343)	(74,990)
Loan stocks	(10,087)	(10,087)
Unit trusts	(362)	-
	<u>(305,891)</u>	<u>(254,596)</u>
Total financial investments available-for-sale	<u>24,604,276</u>	<u>20,055,267</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A13. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group 31 Dec 2017 RM'000	The Bank 31 Dec 2017 RM'000
Money market instruments		
Unquoted:		
Malaysian Government Securities	2,973,797	2,973,797
Government Investment Issue	8,328,896	6,771,930
Other Government securities	1,004,223	656,882
Other government treasury bills	2,311,257	2,311,257
Cagamas bonds	203,649	203,649
Khazanah bonds	443,597	430,935
	<u>15,265,419</u>	<u>13,348,450</u>
Unquoted securities:		
<u>In Malaysia</u>		
Loans stocks	7,020	-
Corporate bond and Sukuk	16,613,687	13,456,157
<u>Outside Malaysia</u>		
Corporate bond and Sukuk	2,398,814	1,825,506
	<u>19,019,521</u>	<u>15,281,663</u>
Amortisation of premium net of accretion of discount	45,342	68,448
Less : Allowance for impairment losses	(7,180)	-
Total financial investments held-to-maturity	<u>34,323,102</u>	<u>28,698,561</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	5,172,959	5,311,225	3,323,803	3,517,690
Term loans/financing				
- Housing loan/financing	84,940,106	79,878,492	58,245,487	57,140,575
- Syndicated term loan	18,208,941	16,393,012	16,193,875	14,198,497
- Other term loans/financing	105,329,354	99,087,551	59,699,101	59,695,032
- Factoring receivables	19,804	13,225	-	-
- Lease receivables	21,324	53,534	-	-
- Hire purchase receivables	19,344,766	18,164,036	7,850,332	8,647,871
Bills receivable	8,729,457	9,556,193	5,092,933	5,539,051
Trust receipts	2,489,395	1,764,126	1,510,770	831,995
Claim on customers under acceptance credit	3,646,101	3,788,108	2,881,684	2,932,626
Staff loans *	968,498	850,565	720,314	665,962
Credit card receivables	6,883,980	7,131,703	6,735,323	6,948,533
Revolving credit	30,209,269	23,060,060	22,463,815	18,495,219
Share margin financing	759,052	888,736	758,642	884,999
Gross loans, advances and financing, at amortised cost	286,723,006	265,940,566	185,476,079	179,498,050
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	836,498	-	345,010	-
- Other term loans/financing	367	-	367	-
Gross loans, advances and financing, at fair value through profit or loss	836,865	-	345,377	-
Total Gross loans, advances and financing	287,559,871	265,940,566	185,821,456	179,498,050
Fair value changes arising from fair value hedges	37,816	86,537	(1,840)	16,664
	287,597,687	266,027,103	185,819,616	179,514,714
Less: Expected credit losses/Allowance for impairment losses				
<i>At amortised cost:</i>				
- Expected credit losses on loans, advances and financing	(5,333,876)	-	(3,459,704)	-
- Individual portfolio impairment allowance	-	(2,464,883)	-	(1,643,137)
- Portfolio impairment allowance	-	(1,773,511)	-	(974,541)
	(5,333,876)	(4,238,394)	(3,459,704)	(2,617,678)
Total net loans, advances and financing	282,263,811	261,788,709	182,359,912	176,897,036

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM5,105,238 (2017: RM2,266,054) and RM3,168,281 (2017: RM2,266,054) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM35,866,000 (2017: RM39,767,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM4,165,403,000 (2017: RM4,271,223,000) and RM477,943,000 (2017: RM576,169,000) respectively, using interest rate swaps.

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

As at 30 September 2018, the gross carrying amount relating to RPSIA financing are RM8,571,235,000 (2017: RM6,123,712,000). The 12-month expected credit losses charged in the income statements of the Group and the Bank during the financial period amounting to RM38,310,000 (2017: portfolio impairment allowance of RM10,248,000) respectively.

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	118,492	17,862	67,772	3,229
Domestic non-bank financial institutions				
- stockbroking companies	2,001	102,604	2,001	2,577
- others	4,200,642	3,887,681	1,039,810	666,710
Domestic business enterprises				
- small medium enterprises	29,664,600	29,561,239	18,438,045	20,322,676
- others	42,980,262	35,998,187	21,770,814	18,708,366
Government and statutory bodies	10,253,078	10,018,671	2,877,805	2,957,994
Individuals	155,837,720	146,342,101	98,549,959	97,918,586
Other domestic entities	596,269	635,922	94,560	124,210
Foreign entities	43,906,807	39,376,299	42,980,690	38,793,702
Gross loans, advances and financing	287,559,871	265,940,566	185,821,456	179,498,050
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,423,588	2,478,211	1,392,252	1,743,059
- Hire purchase receivables	13,531,748	11,684,042	3,590,868	3,642,314
- Other fixed rate loans	28,937,817	28,386,772	15,410,803	15,025,664
Variable rate				
- BLR plus	92,815,811	96,542,767	73,779,330	78,059,603
- Cost-plus	51,187,876	42,362,558	32,803,737	29,202,156
- Other variable rates	98,663,031	84,486,216	58,844,466	51,825,254
Gross loans, advances and financing	287,559,871	265,940,566	185,821,456	179,498,050
(iv) By economic purpose				
Personal use	12,610,700	11,819,834	7,608,997	6,789,901
Credit cards	6,883,980	7,131,703	6,735,323	6,948,533
Purchase of consumer durables	81,777	90,220	64,996	72,270
Construction	12,013,505	10,097,252	6,990,513	6,655,321
Residential property (housing)	87,472,618	82,658,252	60,202,298	59,494,093
Non-residential property	26,830,211	24,905,360	21,579,178	20,719,538
Purchase of fixed assets other than land and buildings	2,206,026	2,027,745	1,749,619	1,559,519
Mergers and acquisitions	2,773,163	2,241,907	2,750,840	2,239,170
Purchase of securities	27,125,812	25,094,414	15,655,720	16,064,629
Purchase of transport vehicles	19,818,970	18,967,461	7,971,577	9,012,765
Working capital	62,075,384	56,027,510	38,979,331	36,455,314
Other purposes	27,667,725	24,878,908	15,533,064	13,486,997
Gross loans, advances and financing	287,559,871	265,940,566	185,821,456	179,498,050

PART A - EXPLANATORY NOTES (CONTINUED)**A14. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
(v) By geographical distribution				
Malaysia	203,339,079	189,113,107	132,119,126	131,033,519
Indonesia	2,726,769	2,874,078	2,726,769	2,874,078
Thailand	31,571,707	29,932,977	3,562,524	3,671,229
Singapore	29,952,698	26,364,326	29,952,698	26,364,324
United Kingdom	4,606,379	3,886,601	4,491,798	3,886,601
Hong Kong	2,595,236	2,292,034	2,595,236	2,292,034
China	3,881,363	4,496,128	3,881,363	4,496,128
Other countries	8,886,640	6,981,315	6,491,942	4,880,137
Gross loans, advances and financing	<u>287,559,871</u>	<u>265,940,566</u>	<u>185,821,456</u>	<u>179,498,050</u>
(vi) By economic sector				
Primary agriculture	7,206,668	6,788,484	4,786,302	4,675,464
Mining and quarrying	6,571,392	6,250,775	4,354,285	4,054,472
Manufacturing	15,196,108	13,834,505	9,177,824	8,114,894
Electricity, gas and water supply	3,553,660	2,696,346	1,913,161	1,124,954
Construction	12,101,548	10,574,293	9,342,887	9,004,862
Transport, storage and communications	10,020,372	9,314,030	5,937,086	6,509,755
Education, health and others	14,547,981	14,379,289	5,892,113	6,389,897
Wholesale and retail trade, and restaurants and hotels	21,643,943	19,521,762	15,850,542	14,350,356
Finance, insurance/takaful, real estate and business activities	38,035,890	32,467,880	26,482,986	23,185,444
Household	156,461,097	148,128,764	99,972,662	100,253,517
Others	2,221,212	1,984,438	2,111,608	1,834,435
	<u>287,559,871</u>	<u>265,940,566</u>	<u>185,821,456</u>	<u>179,498,050</u>
(vii) By residual contractual maturity				
Within one year	64,948,914	55,434,164	43,234,268	39,198,055
One year to less than three years	24,860,971	25,862,291	17,015,999	16,713,943
Three years to less than five years	24,646,361	21,999,991	15,656,978	14,386,062
Five years and more	173,103,625	162,644,120	109,914,211	109,199,990
Gross loans, advances and financing	<u>287,559,871</u>	<u>265,940,566</u>	<u>185,821,456</u>	<u>179,498,050</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
(viii) Credit impaired / impaired loans, advances and financing by economic purpose				
Personal use	357,817	218,357	257,381	126,474
Credit cards	113,300	120,180	110,037	114,100
Purchase of consumer durables	506	342	131	4
Construction	1,365,358	1,385,487	1,138,884	1,129,708
Residential property (housing)	1,199,202	1,045,612	685,442	699,830
Non-residential property	260,141	234,801	196,198	170,065
Purchase of fixed assets other than land and buildings	27,311	6,267	27,236	6,267
Purchase of securities	135,441	133,309	133,813	131,939
Purchase of transport vehicles	247,164	281,753	125,322	145,244
Working capital	1,796,284	1,849,581	1,065,835	1,232,546
Merger and acquisition	79,759	152,701	79,759	152,701
Other purposes	852,143	759,709	42,667	21,680
Gross credit impaired / impaired loans, advances and financing	<u>6,434,426</u>	<u>6,188,099</u>	<u>3,862,705</u>	<u>3,930,558</u>
(ix) Credit impaired / impaired loans, advances and financing by geographical distribution				
Malaysia	3,244,209	3,224,042	2,805,387	2,841,864
Indonesia	156,044	157,615	156,044	157,615
Thailand	2,060,088	1,806,331	-	-
Singapore	685,981	710,639	685,981	710,639
United Kingdom	8,000	7,499	8,000	7,499
China	23,709	23,234	23,709	23,234
Other countries	256,395	258,739	183,584	189,707
Gross credit impaired / impaired loans, advances and financing	<u>6,434,426</u>	<u>6,188,099</u>	<u>3,862,705</u>	<u>3,930,558</u>
(x) Credit impaired/impaired loans, advances and financing by economic sector				
Primary agriculture	63,874	44,315	53,358	41,549
Mining and quarrying	644,043	623,364	641,275	620,836
Manufacturing	1,124,950	1,025,532	178,801	158,118
Electricity, gas and water supply	681	552	681	552
Construction	177,573	130,837	139,965	117,424
Transport, storage and communications	1,121,941	1,261,984	1,054,294	1,191,741
Education, health and others	176,660	176,651	102,194	103,827
Wholesale and retail trade, and restaurants and hotels	779,065	745,550	348,361	372,889
Finance, insurance/takaful, real estate and business activities	474,374	434,930	235,497	182,638
Household	1,865,892	1,737,341	1,102,918	1,136,289
Others	5,373	7,043	5,361	4,695
Gross credit impaired / impaired loans, advances and financing	<u>6,434,426</u>	<u>6,188,099</u>	<u>3,862,705</u>	<u>3,930,558</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

(xi) Movements in the expected credit losses/allowance for loans, advances and financing are as follows:

Loans, advances and financing at amortised cost:

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-	2,464,884	1,773,510	4,238,394
Effect of adopting MFRS 9	1,025,503	763,907	3,355,289	7,561	(2,464,884)	(1,773,510)	913,866
Adjusted 1 January 2018	1,025,503	763,907	3,355,289	7,561	-	-	5,152,260
Changes in expected credit losses due to transferred within stages:	757,006	(685,826)	(71,180)	-	-	-	-
Transferred to Stage 1	1,086,230	(840,787)	(245,443)	-	-	-	-
Transferred to Stage 2	(276,254)	526,961	(250,707)	-	-	-	-
Transferred to Stage 3	(52,970)	(372,000)	424,970	-	-	-	-
Total charge to Income Statement:	(609,383)	569,131	838,148	(3,102)	-	-	794,794
New financial assets originated	417,225	7,664	75,266	-	-	-	500,155
Financial assets that have been derecognised	(284,942)	(85,971)	-	-	-	-	(370,913)
Writeback in respect of full recoveries	-	-	(110,647)	-	-	-	(110,647)
Change in credit risk	(741,666)	647,438	873,529	(3,102)	-	-	776,199
Write-offs	(1,725)	(109)	(689,401)	(2,018)	-	-	(693,253)
Exchange fluctuation	5,796	6,100	35,489	120	-	-	47,505
Other movements	1,257	10,148	21,165	-	-	-	32,570
At 30 September 2018	1,178,454	663,351	3,489,510	2,561	-	-	5,333,876

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-	1,643,137	974,541	2,617,678
Effect of adopting MFRS 9	702,566	478,824	2,239,192	-	(1,643,137)	(974,541)	802,904
Adjusted 1 January 2018	702,566	478,824	2,239,192	-	-	-	3,420,582
Changes in expected credit losses due to transferred within stages:	492,587	(414,678)	(77,909)	-	-	-	-
Transferred to Stage 1	694,850	(535,560)	(159,290)	-	-	-	-
Transferred to Stage 2	(152,601)	332,186	(179,585)	-	-	-	-
Transferred to Stage 3	(49,662)	(211,304)	260,966	-	-	-	-
Total charge to Income Statement:	(438,284)	380,527	433,023	-	-	-	375,266
New financial assets originated	216,078	33	26,227	-	-	-	242,338
Financial assets that have been derecognised	(171,615)	(59,948)	-	-	-	-	(231,563)
Writeback in respect of full recoveries	-	-	(21,923)	-	-	-	(21,923)
Change in credit risk	(482,747)	440,442	428,719	-	-	-	386,414
Write-offs	(641)	-	(364,536)	-	-	-	(365,177)
Exchange fluctuation	1,252	(83)	30	-	-	-	1,199
Other movements	1,325	10,293	16,216	-	-	-	27,834
At 30 September 2018	758,805	454,883	2,246,016	-	-	-	3,459,704

The Bank 30 Sept 2018	CIMB Islamic Bank 30 Sept 2018
1.0%	1.0%

Loss allowance for non-credit-impaired exposures and regulatory reserve

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

(xi) Movements in the expected credit losses/allowance for loans, advances and financing are as follows: (continued)

	The Group RM'000	The Bank RM'000
<u>Individual impairment allowance</u>		
At 1 January 2017	2,350,633	1,610,822
Net allowance made during the financial period/year	713,087	250,233
Amounts written off	(229,148)	(185,053)
Allowance for impaired loan disposed to third party	(323,132)	-
Exchange fluctuation	(46,557)	(32,865)
At 31 December 2017	2,464,883	1,643,137
<u>Portfolio impairment allowance</u>		
At 1 January 2017	1,977,802	1,100,176
Net allowance made/(written back) during the financial period/year	778,441	375,862
Amount transferred from a subsidiary	-	73
Allowance for impaired loan disposed to third party	(19,187)	-
Sale of impaired loans	(77,105)	-
Exchange fluctuation	(16,940)	(5,656)
Written off	(869,500)	(495,914)
At 31 December 2017	1,773,511	974,541
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.3%	1.2%

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in credit impaired/impaired loans, advances and financing (continued)

Gross carrying amount movement of loans, advances and financing at amortised cost classified as credit impaired: (continued)

	The Group			
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	Total RM'000
	At 1 January 2018	-	-	6,188,099
Effect of adopting MFRS 9	6,301,508	9,431	(6,188,099)	122,840
Adjusted 1 Jan 2018	6,301,508	9,431	-	6,310,939
Transfer within stages	1,169,207	-	-	1,169,207
New financial assets originated	98,879	-	-	98,879
Write-offs	(690,478)	(2,018)	-	(692,496)
Amount fully recovered	(212,079)	-	-	(212,079)
Other changes in loans, advances and financing	(302,368)	(83)	-	(302,451)
Exchange fluctuation	62,159	268	-	62,427
At 30 September 2018	6,426,828	7,598	-	6,434,426

	The Bank			
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	Total RM'000
	At 1 January 2018	-	-	3,930,558
Effect of adopting MFRS 9	3,930,558	-	(3,930,558)	-
Adjusted 1 Jan 2018	3,930,558	-	-	3,930,558
Transfer within stages	488,277	-	-	488,277
New financial assets originated	32,981	-	-	32,981
Write-offs	(366,024)	-	-	(366,024)
Amount fully recovered	(62,158)	-	-	(62,158)
Other changes in loans, advances and financing	(166,619)	-	-	(166,619)
Exchange fluctuation	5,690	-	-	5,690
At 30 September 2018	3,862,705	-	-	3,862,705

	The Group 30 Sept 2018	The Bank 30 Sept 2018
Ratio of credit impaired loans to total loans, advances and financing	2.24%	2.08%

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

Impaired loans under MFRS 139:

	The Group 31 Dec 2017 RM'000	The Bank 31 Dec 2017 RM'000
At 1 January 2017	5,585,752	3,483,449
Classified as impaired during the financial period/year	5,381,049	3,175,844
Reclassified as not impaired during the financial period/year	(1,813,509)	(1,300,934)
Amount written back in respect of recoveries	(1,065,227)	(713,133)
Amount written off	(1,098,983)	(680,334)
Sale of impaired loans	(754,596)	-
Exchange fluctuation	(46,387)	(34,334)
At 31 December 2017	<u>6,188,099</u>	<u>3,930,558</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.33%</u>	<u>2.19%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A15. OTHER ASSETS

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Foreclosed assets	108,429	105,549	-	-
Structured financing	1,244,050	1,393,843	1,244,050	1,393,843
Collateral pledged for derivative transactions	2,562,314	2,881,523	1,969,875	2,451,770
Collateral for securities borrowing	206	65,702	206	65,702
Other debtors, deposits and prepayments	3,823,168	4,926,060	3,341,795	4,221,250
	7,738,167	9,372,677	6,555,926	8,132,565

A16. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
(i) By type of deposit				
Demand deposits	61,864,315	66,164,099	49,778,172	53,684,177
Saving deposits	29,379,591	29,843,398	19,419,063	19,188,667
Fixed deposits	133,523,447	128,087,555	96,316,695	95,172,815
Negotiable instruments of deposit	303,037	845,652	-	-
Others	81,699,316	70,959,417	45,173,651	39,397,292
	306,769,706	295,900,121	210,687,581	207,442,951

(ii) By type of customer

Government and statutory bodies	11,462,529	12,138,585	7,229,430	7,810,065
Business enterprises	128,090,603	114,310,971	88,543,594	80,482,589
Individuals	115,615,118	113,251,760	82,452,515	84,205,501
Others	51,601,456	56,198,805	32,462,042	34,944,796
	306,769,706	295,900,121	210,687,581	207,442,951

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

Due within six months	95,064,583	107,590,616	71,852,302	80,981,870
Six months to less than one year	37,286,655	20,232,288	23,625,460	13,370,391
One year to less than three years	1,335,196	678,297	734,496	424,298
Three years to less than five years	123,921	431,773	88,308	396,023
Five years and more	16,129	233	16,129	233
	133,826,484	128,933,207	96,316,695	95,172,815

A17. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Unrestricted investment accounts	3,439,547	907,763	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Licensed banks	20,834,412	13,937,480	20,573,943	14,838,683
Licensed finance companies	1,051,539	1,223,313	90,612	92,360
Licensed investment banks	184,312	39,379	184,312	39,039
Bank Negara Malaysia	5,471	6,176	5,471	6,176
Other financial institutions	1,409,789	1,895,601	1,231,054	1,187,851
	23,485,523	17,101,949	22,085,392	16,164,109

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

Due within six months	22,942,287	16,245,477	21,815,867	15,364,639
Six months to less than one year	422,292	755,408	169,239	699,038
One year to less than three years	120,944	632	100,286	-
Three years to less than five years	-	100,432	-	100,432
	23,485,523	17,101,949	22,085,392	16,164,109

A19. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	1,523,742	1,903,205	1,522,451	1,900,972
Debentures	1,737,908	650,016	-	-
Bills payable	2,562,844	2,220,219	-	-
	5,824,494	4,773,440	1,522,451	1,900,972

The Group and the Bank have issued structured investments, bills payable and debentures, and have designated them at fair value in accordance with MFRS9. 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 30 September 2018 were RM163,181,000 (2017: RM282,365,000) and RM163,111,000 (2017: RM282,355,000) respectively lower than the contractual amount at maturity for the structured investments, RM55,414,000 (2017: RM18,142,000) lower than the contractual amount at maturity for the debentures and RM303,742,000 (2017: RM345,801,000) higher than the contractual amount at maturity for bills payable.

A20. OTHER LIABILITIES

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	85,869	145,699	85,869	145,699
Accrued employee benefits	20,787	31,192	20,387	19,527
Post employment benefit obligations	224,148	209,381	33,463	33,697
Sundry creditors	1,220,703	3,818,974	1,137,161	3,465,349
Expenditure payable	1,282,112	1,326,778	1,009,133	1,052,999
Collateral for securities lending	94,893	72,023	94,893	72,023
Expected credit losses/Allowance for commitments and contingencies A20(a)	453,287	49,095	288,037	-
Provision for legal claims	68,154	71,924	41,582	42,038
Credit card expenditure payable	146,731	126,512	140,732	126,512
Collateral received for derivative transactions	1,709,038	1,626,637	1,505,575	1,156,847
Structured deposits	4,489,893	3,942,352	4,449,965	3,901,570
Others	727,994	583,024	500,577	414,253
	10,523,609	12,003,591	9,307,374	10,430,514

PART A - EXPLANATORY NOTES (CONTINUED)

A20. OTHER LIABILITIES (CONTINUED)

(a) Expected credit losses movement of loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	-	-	49,095	49,095
Effect of adopting MFRS 9	301,156	36,406	104,136	(49,095)	392,603
Adjusted 1 Jan 2018	301,156	36,406	104,136	-	441,698
Changes in expected credit losses due to transferred within stages:	98,230	(80,823)	(17,407)	-	-
Transferred to Stage 1	107,194	(87,714)	(19,480)	-	-
Transferred to Stage 2	(8,962)	12,513	(3,551)	-	-
Transferred to Stage 3	(2)	(5,622)	5,624	-	-
Total charge to Income Statement:	(86,781)	78,506	17,161	-	8,886
New exposures	54,126	(5,859)	122	-	48,389
Exposures derecognised or matured	(41,015)	(700)	(7,002)	-	(48,717)
Change in credit risk	(99,892)	85,065	24,041	-	9,214
Exchange fluctuation	465	147	2,034	-	2,646
Other movements	94	(37)	-	-	57
At 30 September 2018	313,164	34,199	105,924	-	453,287

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	-	-	-	-
Effect of adopting MFRS 9	229,214	32,214	46,492	-	307,920
Adjusted 1 Jan 2018	229,214	32,214	46,492	-	307,920
Changes in expected credit losses due to transferred within stages:	93,835	(76,096)	(17,739)	-	-
Transferred to Stage 1	101,627	(82,254)	(19,373)	-	-
Transferred to Stage 2	(7,792)	11,178	(3,386)	-	-
Transferred to Stage 3	-	(5,020)	5,020	-	-
Total charge to Income Statement:	(94,648)	71,234	3,163	-	(20,251)
New exposures	(10,266)	(6,308)	-	-	(16,574)
Exposures derecognised or matured	(433)	-	(5,279)	-	(5,712)
Change in credit risk	(83,949)	77,542	8,442	-	2,035
Exchange fluctuation	357	2	-	-	359
Other movements	9	-	-	-	9
At 30 September 2018	228,767	27,354	31,916	-	288,037

As at 30 September 2018, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM169,597,000 and RM93,865,000 respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. INTEREST INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Group				
Loans and advances				
- interest income	2,665,741	2,565,140	7,748,788	7,635,968
- unwinding income [^]	26,070	21,554	79,906	59,039
Money at call and deposits with financial institutions	170,993	172,580	492,669	482,629
Reverse repurchase agreements	51,582	35,981	123,748	99,881
Financial assets at fair value through profit or loss	129,654	-	361,971	-
Debt instruments at fair value through other comprehensive income	195,225	-	581,452	-
Debt instruments at amortised cost	282,377	-	824,599	-
Equity instruments at fair value through other comprehensive income	5,173	-	17,183	-
Financial assets held for trading	-	108,111	-	294,147
Financial investments available-for-sale	-	196,674	-	591,840
Financial investments held-to-maturity	-	272,949	-	773,545
	3,526,815	3,372,989	10,230,316	9,937,049
Net accretion of discount less amortisation of premium	37,695	2,889	76,073	(5,767)
	3,564,510	3,375,878	10,306,389	9,931,282
The Bank				
Loans and advances				
- interest income	2,204,592	2,106,945	6,407,242	6,303,272
- unwinding income [^]	19,310	16,275	59,886	44,765
Money at call and deposits with financial institutions	256,642	217,835	731,747	597,974
Reverse repurchase agreements	50,180	33,429	116,638	92,118
Financial assets at fair value through profit or loss	108,369	-	311,811	-
Debt instruments at fair value through other comprehensive income	172,722	-	525,387	-
Debt instruments at amortised cost	278,278	-	814,097	-
Equity instruments at fair value through other comprehensive income	5,173	-	17,183	-
Financial assets held for trading	-	100,442	-	274,622
Financial investments available-for-sale	-	178,819	-	524,351
Financial investments held-to-maturity	-	263,529	-	744,506
	3,095,266	2,917,274	8,983,991	8,581,608
Net accretion of discount less amortisation of premium	40,606	9,346	91,111	17,947
	3,135,872	2,926,620	9,075,102	8,599,555

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

PART A - EXPLANATORY NOTES (CONTINUED)**A22. INTEREST EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Group				
Deposits and placements of banks and other financial institutions	128,315	79,222	316,783	230,350
Deposits from other customers	1,249,307	1,183,130	3,639,173	3,498,572
Repurchase agreements	77,398	28,025	192,329	76,209
Financial liabilities designated at fair value through profit or loss	31,381	32,756	93,361	94,557
Negotiable certificates of deposits	32,709	25,029	79,212	93,960
Recourse obligation on loan and financing sold to Cagamas	36,434	28,718	99,010	86,525
Bonds, Sukuk and debentures	115,933	93,830	323,183	210,520
Subordinated obligations	140,153	128,762	403,365	381,494
Other borrowings	44,750	33,282	115,957	78,576
Structured deposits	28,262	20,133	78,846	47,378
	1,884,642	1,652,887	5,341,219	4,798,141
The Bank				
Deposits and placements of banks and other financial institutions	120,233	72,970	297,750	212,214
Deposits from other customers	1,164,679	1,104,548	3,400,979	3,248,732
Repurchase agreements	70,735	26,850	182,642	72,763
Financial liabilities designated at fair value through profit or loss	16,176	20,569	55,858	58,145
Negotiable certificates of deposits	31,707	23,989	76,425	90,582
Recourse obligation on loan and financing sold to Cagamas	36,434	28,718	99,010	86,525
Bonds and debentures	106,885	84,055	291,761	190,815
Subordinated obligations	132,125	115,954	379,670	343,851
Other borrowings	49,168	38,352	130,572	84,134
Structured deposits	28,262	20,133	78,846	47,378
	1,756,404	1,536,138	4,993,513	4,435,139

PART A - EXPLANATORY NOTES (CONTINUED)

A23. NET NON-INTEREST INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Group				
Net fee and commission income				
Commissions	157,876	175,249	551,234	417,960
Fee on loans and advances	129,559	119,315	372,574	340,986
Service charges and fees	126,001	136,171	384,169	398,416
Guarantee fees	16,256	16,559	45,287	48,726
Other fee income	71,217	69,350	223,281	198,393
Fee and commission income	500,909	516,644	1,576,545	1,404,481
Fee and commission expense	(133,753)	(122,864)	(389,458)	(335,328)
Net fee and commission income	367,156	393,780	1,187,087	1,069,153
Gross dividend income from:				
Financial assets at fair value through profit or loss	20,104	-	35,507	-
Equity instruments at fair value through other comprehensive income	266	-	2,088	-
Debt instruments at fair value through other comprehensive income	-	-	16	-
Financial assets held for trading	-	24,826	-	39,582
Financial investments available-for-sale	-	3,540	-	10,688
	20,370	28,366	37,611	50,270
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	(223,093)	-	(515,957)	-
- unrealised	329,709	-	64,060	-
	106,616	-	(451,897)	-
Net gain/(loss) arising from derivative financial instrument				
- realised	602,964	415,022	894,708	333,011
- unrealised	(151,527)	(192,637)	561,232	(625,663)
	451,437	222,385	1,455,940	(292,652)
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss				
- realised	36,193	(8,142)	84,345	(22,910)
- unrealised	(49,779)	(75,028)	(49,942)	(219,631)
	(13,586)	(83,170)	34,403	(242,541)
Net (loss)/gain arising from hedging activities				
	(12,895)	6,289	(33,516)	(4,509)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	8,880	-	24,018	-
Net (loss)/gain arising from financial assets held for trading:				
- realised	-	16,473	-	190,962
- unrealised	-	(41,381)	-	319,967
	-	(24,908)	-	510,929
Net gain from sale of financial investments available-for-sale				
	-	30,676	-	62,922
Net gain from redemption of financial investment held-to-maturity				
	-	-	-	1,878
Other non-interest income				
Foreign exchange (loss)/gain	(159,474)	200,553	(177,588)	1,045,266
Rental income	6,529	7,365	9,418	11,649
Gain on disposal of property, plant and equipment/assets held for sale	1,870	5,633	10,680	16,442
Loss on disposal of foreclosed properties	(16,615)	(16,420)	(55,493)	(30,805)
Gain on disposal of subsidiary	-	-	224	-
Others	10,575	9,915	37,378	60,741
	(157,115)	207,046	(175,381)	1,103,293
	770,863	780,464	2,078,265	2,258,743

PART A - EXPLANATORY NOTES (CONTINUED)

A23. NET NON-INTEREST INCOME (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Bank				
Net fee and commission income				
Commissions	124,773	132,093	456,125	322,362
Fee on loans and advances	127,164	117,623	366,374	335,521
Service charges and fees	108,305	113,976	330,865	337,191
Guarantee fees	13,534	13,013	37,189	39,595
Other fee income	58,274	57,281	175,852	158,229
Fee and commission income	432,050	433,986	1,366,405	1,192,898
Fee and commission expense	(124,566)	(115,572)	(362,331)	(314,624)
Net fee and commission income	307,484	318,414	1,004,074	878,274
Gross dividend income from:				
Financial assets at fair value through profit or loss	20,063	-	35,398	-
Equity instruments at fair value through other comprehensive income	12	-	990	-
Financial assets held for trading	-	24,826	-	39,582
Financial investments available-for-sale	-	3,165	-	9,066
	20,075	27,991	36,388	48,648
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	(212,255)	-	(478,338)	-
- unrealised	318,829	-	70,525	-
	106,574	-	(407,813)	-
Net gain/(loss) arising from derivative financial instrument				
- realised	438,058	288,225	547,795	247,311
- unrealised	31,419	(136,157)	841,508	(776,310)
	469,477	152,068	1,389,303	(528,999)
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	47,098	(2,406)	105,867	(11,675)
- unrealised	(59,065)	(16,954)	(135,941)	(53,814)
	(11,967)	(19,360)	(30,074)	(65,489)
Net (loss)/gain arising from hedging activities				
	(7,382)	6,359	(27,286)	(4,432)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	8,698	-	21,593	-
Net (loss)/gain arising from financial assets held for trading				
- realised	-	(786)	-	154,082
- unrealised	-	(52,200)	-	302,312
	-	(52,986)	-	456,394
Net gain from sale of financial investments available-for-sale				
	-	22,601	-	49,700
Net gain from redemption of financial investment held-to-maturity				
	-	-	-	1,878
Other non-interest income				
Foreign exchange (loss)/gain	(207,636)	199,920	(187,283)	1,058,505
Rental income	6,371	6,931	8,522	10,185
Gain on disposal of property, plant and equipment/assets held for sale	2,055	4,860	11,721	12,025
Loss on disposal of subsidiary	-	-	(2,127)	-
Others	5,668	5,829	23,958	17,188
	(193,542)	217,540	(145,209)	1,097,903
	699,417	672,627	1,840,976	1,933,877

PART A - EXPLANATORY NOTES (CONTINUED)**A24. OVERHEADS**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	735,658	672,160	2,109,386	1,925,507
- Pension costs (defined contribution plan)	69,648	64,255	211,469	193,376
- Pension costs (defined benefit plan)	4,885	5,048	14,654	16,925
- Overtime	3,422	3,666	10,723	12,198
- Staff incentives and other staff payments	41,350	45,926	127,444	125,502
- Medical expenses	24,702	20,991	69,532	64,252
- Others	25,138	25,406	63,994	71,868
	904,803	837,452	2,607,202	2,409,628
Establishment costs				
- Depreciation of property, plant and equipment	44,505	48,325	129,544	141,398
- Amortisation of prepaid lease payments	3	-	8	-
- Rental	75,785	76,401	229,723	224,515
- Amortisation of intangible assets	48,529	48,044	160,072	140,473
- Repair and maintenance	87,136	76,013	261,573	232,157
- Outsourced services	16,165	26,263	53,445	77,068
- Security expenses	21,269	24,578	65,972	74,691
- Others	18,919	32,302	57,489	75,753
	312,311	331,926	957,826	966,055
Marketing expenses				
- Sales commission	1,777	1,106	3,795	3,926
- Advertisement	33,817	31,956	100,223	106,110
- Others	7,002	6,496	25,318	19,450
	42,596	39,558	129,336	129,486
Administration and general expenses				
- Communication	6,567	6,263	17,269	19,642
- Consultancy and professional fees	17,776	15,996	45,108	45,322
- Legal expenses	6,110	11,619	4,762	26,370
- Stationery	7,425	6,992	21,345	22,101
- Postages	12,615	11,406	33,482	35,994
- Administrative travelling and vehicle expenses	8,916	11,524	26,461	32,208
- Incidental expenses on banking operations	11,223	9,409	35,480	27,776
- Insurance	45,868	41,715	132,487	129,692
- Others	68,137	64,370	218,037	212,703
	184,637	179,294	534,431	551,808
Shared service cost	5,760	13,539	27,044	31,409
	1,450,107	1,401,769	4,255,839	4,088,386

PART A - EXPLANATORY NOTES (CONTINUED)**A24. OVERHEADS (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	584,602	536,764	1,677,551	1,524,974
- Pension costs (defined contribution plan)	64,071	59,341	194,331	177,605
- Overtime	2,124	2,288	6,854	7,883
- Staff incentives and other staff payments	32,334	36,974	97,497	101,407
- Medical expenses	23,249	19,764	65,840	59,975
- Others	19,271	16,759	38,978	47,301
	<u>725,651</u>	<u>671,890</u>	<u>2,081,051</u>	<u>1,919,145</u>
Establishment costs				
- Depreciation of property, plant and equipment	31,848	38,674	97,073	108,619
- Rental	62,680	64,186	190,451	188,045
- Amortisation of intangible assets	41,980	42,983	142,381	123,854
- Repair and maintenance	79,021	62,386	236,941	203,841
- Outsourced services	14,115	25,122	47,496	72,005
- Security expenses	19,893	24,337	62,858	73,841
- Others	14,091	20,455	40,946	52,704
	<u>263,628</u>	<u>278,143</u>	<u>818,146</u>	<u>822,909</u>
Marketing expenses				
- Sales commission	308	240	993	799
- Advertisement	27,918	23,085	87,423	88,182
- Others	6,095	6,606	23,255	17,961
	<u>34,321</u>	<u>29,931</u>	<u>111,671</u>	<u>106,942</u>
Administration and general expenses				
- Communication	5,092	5,607	13,210	14,183
- Consultancy and professional fees	11,366	12,784	33,345	37,479
- Legal expenses	1,466	1,907	(3,191)	11,300
- Stationery	4,786	4,923	14,476	15,656
- Postages	10,479	8,960	27,318	29,253
- Administrative travelling and vehicle expenses	6,429	8,755	19,120	24,667
- Incidental expenses on banking operations	7,495	5,852	24,077	19,011
- Insurance	11,562	10,030	32,758	30,918
- Others	53,967	52,295	172,650	174,715
	<u>112,642</u>	<u>111,113</u>	<u>333,763</u>	<u>357,182</u>
Shared service cost	(122,783)	(99,861)	(350,049)	(301,476)
	<u>1,013,459</u>	<u>991,216</u>	<u>2,994,582</u>	<u>2,904,702</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25(a). EXPECTED CREDIT LOSSES/ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses/allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	324,756	-	794,794	-
- Individual impairment allowance	-	193,068	-	447,009
- Portfolio impairment allowance	-	207,615	-	585,534
Credit impaired / Impaired loans, advances and financing:				
- recovered	(92,951)	(89,356)	(289,948)	(264,399)
- written off	2,553	4,381	9,443	13,757
	<u>234,358</u>	<u>315,708</u>	<u>514,289</u>	<u>781,901</u>
The Bank				
Expected credit losses/allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	189,273	-	375,266	-
- Individual impairment allowance	-	46,893	-	134,134
- Portfolio impairment allowance	-	119,687	-	292,812
Credit impaired / Impaired loans, advances and financing:				
- recovered	(45,359)	(46,892)	(149,142)	(143,488)
- written off	1,919	3,322	7,069	10,330
	<u>145,833</u>	<u>123,010</u>	<u>233,193</u>	<u>293,788</u>

A25(b). OTHER EXPECTED CREDIT LOSSES / ALLOWANCES FOR OTHER IMPAIRMENT LOSSES

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses (written-back)/made on:				
- Debt instrument at fair value through other comprehensive income	(2,349)	-	995	-
- Debt instrument at amortised cost	96,006	-	95,081	-
- Money at call and deposits and placements with banks and other financial institutions	2,798	-	3,304	-
- Other receivables	(223)	-	(1,092)	-
	<u>96,232</u>	<u>-</u>	<u>98,288</u>	<u>-</u>
Allowance made on:				
- Financial investments available-for-sale	-	1,567	-	18,629
- Other receivables	-	551	-	4,372
	<u>-</u>	<u>2,118</u>	<u>-</u>	<u>23,001</u>
The Bank				
Expected credit losses (written-back)/made on:				
- Debt instrument at fair value through other comprehensive income	(2,389)	-	(263)	-
- Debt instrument at amortised cost	96,298	-	98,071	-
- Money at call and deposits and placements with banks and other financial institutions	307	-	772	-
- Other receivables	(2,330)	-	(2,257)	-
	<u>91,886</u>	<u>-</u>	<u>96,323</u>	<u>-</u>
Allowance made/(written-back) on:				
- Financial investments available-for-sale	-	983	-	18,045
- Other receivables	-	(904)	-	(1,494)
	<u>-</u>	<u>79</u>	<u>-</u>	<u>16,551</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. 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.

At 30 September 2018	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	32,066,174	439,339	(543,203)	23,261,460	342,297	(489,205)
- less than one year	25,923,911	334,647	(259,311)	18,919,460	276,756	(218,257)
- one year to three years	5,122,576	95,099	(189,947)	3,751,935	64,901	(175,029)
- more than three years	1,019,687	9,593	(93,945)	590,065	640	(95,919)
Currency swaps	268,977,113	2,069,003	(2,115,090)	124,860,848	659,357	(554,048)
- less than one year	265,833,283	1,989,345	(2,084,903)	122,846,583	637,474	(523,976)
- one year to three years	2,966,210	71,254	(25,965)	1,867,551	16,570	(25,850)
- more than three years	177,620	8,404	(4,222)	146,714	5,313	(4,222)
Currency spots	5,093,668	4,783	(4,002)	4,172,763	4,207	(3,228)
- less than one year	5,093,668	4,783	(4,002)	4,172,763	4,207	(3,228)
Currency options	14,422,833	416,092	(438,435)	14,208,923	413,572	(438,333)
- less than one year	11,740,235	192,237	(194,009)	11,526,325	189,717	(193,907)
- one year to three years	2,418,955	192,792	(201,060)	2,418,955	192,792	(201,060)
- more than three years	263,643	31,063	(43,366)	263,643	31,063	(43,366)
Cross currency interest rate swaps	78,741,678	2,467,309	(2,174,324)	34,617,209	1,888,673	(1,613,147)
- less than one year	23,487,753	359,741	(353,283)	6,620,217	469,509	(476,841)
- one year to three years	22,428,494	985,517	(885,945)	14,470,435	702,576	(579,262)
- more than three years	32,825,431	1,122,051	(935,096)	13,526,557	716,588	(557,044)
	399,301,466	5,396,526	(5,275,054)	201,121,203	3,308,106	(3,097,961)
<u>Interest rate derivatives</u>						
<u>Interest rate swaps</u>						
- less than one year	489,087,150	2,240,872	(1,677,517)	272,721,826	1,389,743	(1,054,686)
- less than one year	176,169,090	221,128	(161,244)	86,843,367	161,835	(93,718)
- one year to three years	172,227,121	677,932	(573,441)	111,652,505	551,747	(452,776)
- more than three years	140,690,939	1,341,812	(942,832)	74,225,954	676,161	(508,192)
Interest rate futures	5,203,168	10,559	(6,601)	5,203,168	10,559	(6,601)
- less than one year	5,091,428	10,559	(6,591)	5,091,428	10,559	(6,591)
- one year to three years	111,740	-	(10)	111,740	-	(10)
Interest rate options	512,532	7	(6,132)	768,864	4,235	(4,228)
- less than one year	383,906	-	(4,228)	767,811	4,228	(4,228)
- one year to three years	1,053	7	-	1,053	7	-
- more than three years	127,573	-	(1,904)	-	-	-
	494,802,850	2,251,438	(1,690,250)	278,693,858	1,404,537	(1,065,515)
<u>Equity related derivatives</u>						
<u>Equity swaps</u>						
- less than one year	898,760	790	(10,830)	898,760	790	(10,830)
- less than one year	7,349	103	(10,420)	7,349	103	(10,420)
- one year to three years	3,535	-	-	3,535	-	-
- more than three years	887,876	687	(410)	887,876	687	(410)
Equity options	10,206,244	111,991	(101,728)	9,772,793	109,850	(99,587)
- less than one year	6,484,968	102,231	(95,953)	6,492,033	102,231	(95,953)
- one year to three years	3,631,836	9,382	(5,397)	3,191,320	7,241	(3,256)
- more than three years	89,440	378	(378)	89,440	378	(378)
Equity futures	34,169	213	(360)	34,169	213	(360)
- less than one year	34,169	213	(360)	34,169	213	(360)
	11,139,173	112,994	(112,918)	10,705,722	110,853	(110,777)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 September 2018	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,172,314	218,219	(500,806)	2,172,297	218,219	(500,839)
- less than one year	1,572,235	180,253	(265,267)	1,572,218	180,253	(265,300)
- one year to three years	600,079	37,966	(235,539)	600,079	37,966	(235,539)
Commodity futures	1,476,412	175,362	(14,223)	1,476,412	175,362	(14,223)
- less than one year	1,476,412	175,362	(14,223)	1,476,412	175,362	(14,223)
Commodity options	2,950,392	136,916	(146,409)	2,950,392	136,916	(146,409)
- less than one year	2,493,068	126,507	(136,000)	2,493,068	126,507	(136,000)
- one year to three years	457,324	10,409	(10,409)	457,324	10,409	(10,409)
	6,599,118	530,497	(661,438)	6,599,101	530,497	(661,471)
<u>Credit related contract</u>						
Credit default swaps	3,478,146	30,657	(8,035)	3,477,343	30,401	(8,771)
- one year to three years	347,360	2,376	(607)	347,360	2,376	(607)
- more than three years	3,130,786	28,281	(7,428)	3,129,983	28,025	(8,164)
Total return swaps	293,180	6,502	(6,827)	293,180	6,502	(6,827)
- one year to three years	268,180	6,502	(6,502)	268,180	6,502	(6,502)
- more than three years	25,000	-	(325)	25,000	-	(325)
	3,771,326	37,159	(14,862)	3,770,523	36,903	(15,598)
<u>Bond contract</u>						
Bond forward	2,265,652	30,620	(7,009)	120,000	957	(907)
- less than one year	332,461	4,243	(155)	-	-	-
- one year to three years	1,026,793	10,485	(2,931)	-	-	-
- more than three years	906,398	15,892	(3,923)	120,000	957	(907)
<u>Hedging derivatives</u>						
Currency swaps	8,253,514	27,067	(289,504)	4,576,683	8,204	(60,164)
- less than one year	5,843,607	8,204	(178,819)	4,576,683	8,204	(60,164)
- one year to three years	1,150,708	-	(64,081)	-	-	-
- more than three years	1,259,199	18,863	(46,604)	-	-	-
Cross currency interest rate swaps	1,409,436	-	(102,172)	1,409,436	-	(102,172)
- less than one year	613,705	-	(83,078)	613,705	-	(83,078)
- one year to three years	795,731	-	(19,094)	795,731	-	(19,094)
Interest rate swaps	26,468,649	155,545	(455,333)	29,840,246	242,301	(453,345)
- less than one year	2,505,171	576	(39,860)	4,180,171	29,623	(39,860)
- one year to three years	8,188,116	45,260	(75,766)	10,088,116	102,370	(75,766)
- more than three years	15,775,362	109,709	(339,707)	15,571,959	110,308	(337,719)
Total derivatives assets/(liabilities)	954,011,184	8,541,846	(8,608,540)	536,836,772	5,642,358	(5,567,910)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
At 31 December 2017		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	30,088,906	446,403	(845,347)	23,574,986	380,006	(726,781)
- less than one year	25,027,245	373,817	(576,226)	19,082,349	322,077	(451,480)
- one year to three years	4,258,039	70,554	(134,093)	3,712,448	56,229	(133,459)
- more than three years	803,622	2,032	(135,028)	780,189	1,700	(141,842)
Currency swaps	188,296,627	1,562,797	(1,908,338)	75,601,706	521,916	(1,037,548)
- less than one year	187,256,814	1,511,512	(1,896,255)	75,304,831	519,485	(1,025,586)
- one year to three years	641,980	26,858	(8,349)	250,785	2,428	(8,228)
- more than three years	397,833	24,427	(3,734)	46,090	3	(3,734)
Currency spots	3,579,335	4,057	(4,128)	2,858,399	3,469	(3,514)
- less than one year	3,579,335	4,057	(4,128)	2,858,399	3,469	(3,514)
Currency options	20,317,487	284,078	(311,528)	19,950,647	277,175	(302,122)
- less than one year	17,469,375	138,216	(150,851)	17,350,588	137,954	(148,087)
- one year to three years	1,362,966	39,858	(41,703)	1,114,913	33,217	(35,061)
- more than three years	1,485,146	106,004	(118,974)	1,485,146	106,004	(118,974)
Cross currency interest rate swaps	60,809,880	2,598,613	(2,624,681)	34,593,836	2,179,919	(2,098,111)
- less than one year	14,286,780	299,615	(604,012)	7,963,986	460,436	(736,038)
- one year to three years	19,448,062	1,036,607	(883,042)	11,213,525	816,128	(676,896)
- more than three years	27,075,038	1,262,391	(1,137,627)	15,416,325	903,355	(685,177)
	303,092,235	4,895,948	(5,694,022)	156,579,574	3,362,485	(4,168,076)
<u>Interest rate derivatives</u>						
Interest rate swaps	385,620,302	2,483,855	(1,719,087)	256,581,940	1,603,248	(1,215,559)
- less than one year	123,582,908	300,782	(280,969)	74,563,965	229,329	(215,505)
- one year to three years	128,205,049	743,412	(508,603)	91,537,193	575,147	(347,051)
- more than three years	133,832,345	1,439,661	(929,515)	90,480,782	798,772	(653,003)
Interest rate futures	9,631,775	8,322	(7,058)	9,631,775	8,322	(7,058)
- less than one year	8,833,038	8,151	(6,846)	8,833,038	8,151	(6,846)
- one year to three years	798,737	171	(212)	798,737	171	(212)
Interest rate options	559,754	3,162	(2,897)	373,248	2,897	(2,897)
- less than one year	373,126	2,897	(2,897)	373,126	2,897	(2,897)
- more than three years	186,628	265	-	122	-	-
	395,811,831	2,495,339	(1,729,042)	266,586,963	1,614,467	(1,225,514)
<u>Equity related derivatives</u>						
Equity swaps	921,932	39,245	(1,618)	921,932	39,245	(1,618)
- less than one year	5,312	-	(663)	5,312	-	(663)
- one year to three years	89,002	38,106	-	89,002	38,106	-
- more than three years	827,618	1,139	(955)	827,618	1,139	(955)
Equity options	10,164,149	57,553	(117,163)	10,171,000	57,242	(116,852)
- less than one year	4,177,734	6,472	(68,004)	4,184,585	6,161	(67,693)
- one year to three years	5,840,126	47,509	(46,139)	5,840,126	47,509	(46,139)
- more than three years	146,289	3,572	(3,020)	146,289	3,572	(3,020)
Equity futures	343,155	782	(3,362)	343,155	782	(3,362)
- less than one year	343,155	782	(3,362)	343,155	782	(3,362)
	11,429,236	97,580	(122,143)	11,436,087	97,269	(121,832)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2017	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,542,517	297,789	(350,027)	2,510,815	297,780	(350,027)
- less than one year	2,247,711	282,311	(232,653)	2,216,009	282,302	(232,653)
- one year to three years	294,806	15,478	(117,374)	294,806	15,478	(117,374)
Commodity futures	1,147,390	111,671	(53,468)	1,147,390	111,671	(53,468)
- less than one year	1,147,390	111,671	(53,468)	1,147,390	111,671	(53,468)
Commodity options	3,784,702	214,223	(217,138)	3,784,702	214,223	(217,138)
- less than one year	3,671,685	214,223	(217,138)	3,671,685	214,223	(217,138)
- one year to three years	113,017	-	-	113,017	-	-
	7,474,609	623,683	(620,633)	7,442,907	623,674	(620,633)
<u>Credit related contract</u>						
Credit default swaps	2,826,699	4,249	(947)	2,824,938	27,292	(22,020)
- less than one year	271,116	339	(94)	271,116	339	(594)
- one year to three years	279,788	1,384	(220)	279,788	1,384	(720)
- more than three years	2,275,795	2,526	(633)	2,274,034	25,569	(20,706)
Total return swaps	372,138	7,853	(7,925)	372,138	7,853	(7,925)
- less than one year	60,818	554	-	60,818	554	-
- one year to three years	168,410	3,751	(3,751)	168,410	3,751	(3,751)
- more than three years	142,910	3,548	(4,174)	142,910	3,548	(4,174)
Credit spread option	16,218	-	(310)	16,218	-	(310)
- less than one year	16,218	-	(310)	16,218	-	(310)
	3,215,055	12,102	(9,182)	3,213,294	35,145	(30,255)
<u>Bond Forward</u>						
	1,170,650	5,674	(15,831)	120,000	1,243	(99)
- Up to 1 year	198,939	455	(2,682)	-	-	-
- More than 1 year to 3 years	335,711	495	(6,124)	-	-	-
- More than 3 years	636,000	4,724	(7,025)	120,000	1,243	(99)
<u>Hedging derivatives</u>						
Currency swaps	4,149,117	147,419	(18,633)	4,149,117	147,419	(18,633)
- less than one year	4,149,117	147,419	(18,633)	4,149,117	147,419	(18,633)
Cross currency interest rate swaps	4,158,466	5,124	(238,267)	1,682,292	5,124	(58,211)
- less than one year	225,545	-	(5,800)	225,545	-	(5,800)
- one year to three years	1,865,417	5,124	(159,755)	960,170	5,124	(45,923)
- more than three years	2,067,504	-	(72,712)	496,577	-	(6,488)
Interest rate swaps	25,444,830	87,578	(280,684)	28,709,047	175,716	(280,356)
- less than one year	1,755,946	1,567	(10,871)	2,031,079	2,241	(10,871)
- one year to three years	6,335,537	17,250	(95,027)	9,610,536	104,625	(95,027)
- more than three years	17,353,347	68,761	(174,786)	17,067,432	68,850	(174,458)
Total derivatives assets/(liabilities)	755,946,029	8,370,447	(8,728,437)	479,919,281	6,062,542	(6,523,609)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2018, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM8,541,846,000 and RM5,642,358,000 respectively (31 December 2017: RM8,370,447,000 and RM6,062,542,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2018, the Group and the Bank has posted cash collateral of RM2,562,314,000 and RM1,969,875,000 respectively (31 December 2017: RM2,881,523,000 and RM2,451,770,000 respectively) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2017.

PART A - EXPLANATORY NOTES (CONTINUED)

A27. COMMITMENTS AND CONTINGENCIES

The Group	30 Sept 2018	31 Dec 2017
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,580,307	3,940,359
Transaction-related contingent items	6,537,784	6,116,543
Short-term self-liquidating trade-related contingencies	3,721,319	3,767,991
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	55,163,486	53,995,802
- maturity exceeding one year	32,459,639	29,784,625
Miscellaneous commitments and contingencies	1,756,059	1,018,887
Total credit-related commitments and contingencies	103,218,594	98,624,207
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	338,536,162	251,994,211
- one year to five years	51,743,017	44,562,752
- more than five years	18,685,237	14,842,855
	408,964,416	311,399,818
Interest rate related contracts :		
- less than one year	184,149,595	134,545,018
- one year to five years	273,665,123	229,115,266
- more than five years	63,456,781	57,596,377
	521,271,499	421,256,661
Equity related contracts:		
- less than one year	6,526,486	4,526,201
- one year to five years	3,724,811	6,026,266
- more than five years	887,876	876,769
	11,139,173	11,429,236
Credit related contracts:		
- less than one year	-	348,152
- one year to five years	2,186,722	1,902,674
- more than five years	1,584,604	964,229
	3,771,326	3,215,055
Commodity related contracts:		
- less than one year	5,541,715	7,066,786
- one year to five years	1,057,403	407,823
	6,599,118	7,474,609
Bond contracts:		
- less than one year	332,461	198,939
- one year to five years	1,813,191	851,711
- more than five years	120,000	120,000
	2,265,652	1,170,650
Total treasury-related commitments and contingencies	954,011,184	755,946,029
	1,057,229,778	854,570,236

PART A - EXPLANATORY NOTES (CONTINUED)

A27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	30 Sept 2018	31 Dec 2017
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,304,899	3,359,900
Transaction-related contingent items	4,303,716	4,175,910
Short-term self-liquidating trade-related contingencies	3,029,565	3,106,689
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	43,201,672	43,044,596
- maturity exceeding one year	24,413,674	22,815,345
Miscellaneous commitments and contingencies	989,450	809,871
Total credit-related commitments and contingencies	<u>79,242,976</u>	<u>77,312,311</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	169,275,736	126,934,815
- one year to five years	32,431,608	28,742,848
- more than five years	5,399,978	6,733,320
	207,107,322	162,410,983
Interest rate related contracts :		
- less than one year	96,882,777	85,801,208
- one year to five years	178,358,504	175,535,269
- more than five years	33,292,823	33,959,533
	308,534,104	295,296,010
Equity related contracts:		
- less than one year	6,533,551	4,533,052
- one year to five years	3,284,295	6,026,266
- more than five years	887,876	876,769
	10,705,722	11,436,087
Credit related contracts:		
- less than one year	-	348,152
- one year to five years	2,186,721	1,902,674
- more than five years	1,583,802	962,468
	3,770,523	3,213,294
Commodity related contracts:		
- less than one year	5,541,698	7,035,084
- one year to five years	1,057,403	407,823
	6,599,101	7,442,907
Bond contracts:		
- more than five years	120,000	120,000
	120,000	120,000
Total treasury-related commitments and contingencies	<u>536,836,772</u>	<u>479,919,281</u>
	<u>616,079,748</u>	<u>557,231,592</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components), of which the latest revision was issued on 2 February 2018. 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 risk-weighted assets of the Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 2 February 2018.

The IRB Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advance IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines issued on 8 November 2012. The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand ("BOT") requirements and are computed in accordance with the revised "Notification of The BOT. No. SoNorSor. 12/2555 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The regulatory compliance ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived from CIMB Bank PLC's net worth divided by its risk-weighted assets.

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

30 September 2018 - Basel III

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

	The Group	The Bank*
	RM'000	RM'000
Common equity tier 1 ratio	12.000%	11.261%
Tier 1 ratio	13.049%	12.599%
Total capital ratio	<u>17.193%</u>	<u>17.348%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, successfully completed its eleventh DRS of which RM1,278 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM1,278 million into CIMB Bank via rights issue which was completed on 29 June 2018.

CIMB Group implemented a Dividend Reinvestment Scheme ("DRS") for the first interim dividend in respect of the financial year ending 2018. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk	206,771,220	146,119,251
Market risk	15,438,921	10,282,507
Large exposure risk requirements	881,914	881,914
Operational risk	<u>20,531,140</u>	<u>14,623,413</u>
Total risk-weighted assets	<u>243,623,195</u>	<u>171,907,085</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY (CONTINUED)

30 September 2018 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	18,888,794	18,888,794
Other reserves	18,371,768	11,745,498
Qualifying non-controlling interests	177,015	-
Common Equity Tier I capital before regulatory adjustments	<u>37,437,577</u>	<u>30,634,292</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,219,060)	(3,555,075)
Intangible assets	(925,547)	(805,754)
Deferred tax assets	(488,574)	(320,016)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,358,424)
Regulatory reserve	(1,567,214)	(1,233,074)
Others	(2,949)	(2,949)
Common Equity Tier I capital after regulatory adjustments	<u>29,234,233</u>	<u>19,359,000</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	924,720	924,720
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	36,655	-
	<u>2,561,375</u>	<u>2,524,720</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,418)	(224,418)
Additional Tier I capital after regulatory adjustments	<u>2,556,957</u>	<u>2,300,302</u>
Total Tier I capital	<u>31,791,190</u>	<u>21,659,302</u>
Tier II capital		
Subordinated notes	8,200,000	8,200,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	441,638	-
Surplus eligible provisions over expected loss	708,110	728,931
General provisions ^	714,534	307,884
Tier II capital before regulatory adjustments	<u>10,094,022</u>	<u>9,266,555</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(1,103,653)
Total Tier II capital	<u>10,094,022</u>	<u>8,162,902</u>
Total capital	<u>41,885,212</u>	<u>29,822,204</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.642%	11.923%	N/A	N/A
Tier 1 ratio	14.210%	11.923%	N/A	N/A
Total capital ratio	<u>16.790%</u>	<u>17.234%</u>	<u>16.202%</u>	<u>167.434%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY (CONTINUED)

31 December 2017 - Basel III

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

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	12.942%	12.866%
Tier I ratio	14.095%	14.333%
Total capital ratio	<u>17.700%</u>	<u>17.784%</u>
After deducting proposed dividend		
Common equity tier I ratio	12.227%	11.879%
Tier I ratio	13.381%	13.347%
Total capital ratio	<u>16.986%</u>	<u>16.797%</u>

CIMB Group successfully completed its ninth DRS of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

CIMB Group successfully completed its tenth DRS of which RM968 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM934 million into CIMB Bank via rights issue which was completed on 22 December 2017.

CIMB Group's second interim dividend in respect of the financial year ended 2017 will be made applicable under the DRS. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

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

	The Group RM'000	The Bank* RM'000
Credit risk	193,146,506	138,811,146
Market risk	14,125,733	11,050,726
Large exposure risk requirements	768,600	768,600
Operational risk	19,782,736	14,330,500
Total risk-weighted assets	<u>227,823,575</u>	<u>164,960,972</u>

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier 1 capital		
Ordinary share capital	17,610,939 @	17,610,939 @
Other reserves	20,007,741 @	13,904,088 @
Qualifying non-controlling interests	152,698	-
Less: Proposed dividends	<u>(1,627,553)</u>	<u>(1,627,553)</u>
Common Equity Tier 1 capital before regulatory adjustments	36,143,825	29,887,474
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,177,536)	(3,555,075)
Intangible assets	(951,237)	(832,713)
Deferred tax assets	(382,224)	(157,309)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(4,260,702)
Regulatory reserve	(1,500,556)	(1,208,956)
Others	<u>(275,149)</u>	<u>(276,973)</u>
Common Equity Tier I capital after regulatory adjustments	<u>27,857,123</u>	<u>19,595,746</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	30,301	-
Additional Tier I capital before and after regulatory adjustments	<u>2,630,301</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(2,641)</u>	<u>(178,641)</u>
Additional Tier I capital after regulatory adjustments	<u>2,627,660</u>	<u>2,421,359</u>
Total Tier I capital	<u>30,484,783</u>	<u>22,017,105</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY (CONTINUED)

<u>31 December 2017 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	118,446	267,987
Qualifying capital instruments held by third parties	363,627	-
Portfolio impairment allowance and regulatory reserves [^]	651,277	254,766
Tier II capital before regulatory adjustments	8,213,090	7,602,493
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(660)	(1,911,008)
Total Tier II capital	8,212,430	5,691,485
Total capital	38,697,213	27,708,590

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	13.286%	12.471%	N/A
Tier I ratio	13.892%	12.471%	N/A
Total capital ratio	16.291%	16.631%	16.622%

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

[^] Total Capital of the Group and the Bank has excluded general provisions/portfolio impairment allowance from Tier II capital of RM201 million (2017: RM165 million) and RM186 million (2017: RM151 million) respectively.

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

PART A - EXPLANATORY NOTES (CONTINUED)

A29. LEVERAGE RATIO

The leverage ratio framework applicable to the Malaysian banking entities is based on BNM Leverage Ratio Policy ("the Policy") issued on 8 December 2017, which comes into effect on 1 January 2018. A banking institution must maintain a minimum Leverage ratio of 3% at all times as required by the Policy.

30 September 2018

	The Group	The Bank*
Leverage ratio	<u>6.75%</u>	<u>6.30%</u>

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. SEGMENTAL REPORT

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

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

Commercial Banking

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

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

Wholesale Banking

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

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

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

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

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

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

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

Investments

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

Support and others

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

PART A - EXPLANATORY NOTES (CONTINUED)**A30. SEGMENTAL REPORT (CONTINUED)**

The Group
30 September 2018

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	3,512,804	530,728	669,738	253,030	(1,130)	4,965,170
- inter-segment	(570,976)	179,683	298,120	93,173	-	-
	2,941,828	710,411	967,858	346,203	(1,130)	4,965,170
Income from Islamic Banking operations	729,832	186,525	634,267	131,902	-	1,682,526
Net non-interest income	1,051,946	222,122	712,255	47,943	43,999	2,078,265
Net income	4,723,606	1,119,058	2,314,380	526,048	42,869	8,725,961
Overheads	(2,409,809)	(497,424)	(1,157,285)	(145,896)	(45,425)	(4,255,839)
of which:						
Depreciation of property, plant and equipment	(114,721)	(1,875)	(8,598)	(4,350)	-	(129,544)
Amortisation of prepaid lease payments	-	-	-	(8)	-	(8)
Amortisation of intangible assets	(124,390)	(1,201)	(20,924)	(13,557)	-	(160,072)
Profit before allowances	2,313,797	621,634	1,157,095	380,152	(2,556)	4,470,122
Expected credit losses (made)/written-back on loans, advances and financing	(282,142)	(136,618)	(96,515)	986	-	(514,289)
Expected credit losses (made)/written-back for commitments and contingencies	(8,872)	(5,591)	5,537	40	-	(8,886)
Other expected credit losses written-back/(made)	2,123	(184)	(98,955)	(1,356)	84	(98,288)
Segment result	2,024,906	479,241	967,162	379,822	(2,472)	3,848,659
Share of results of joint venture	1,971	-	-	-	-	1,971
Taxation						(816,657)
Profit for the financial period						3,033,973

PART A - EXPLANATORY NOTES (CONTINUED)**A30. SEGMENTAL REPORT (CONTINUED)****The Group**
30 September 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	3,511,775	523,529	792,793	310,416	(5,372)	5,133,141
- inter-segment	(690,058)	154,827	461,494	73,737	-	-
	<u>2,821,717</u>	<u>678,356</u>	<u>1,254,287</u>	<u>384,153</u>	<u>(5,372)</u>	<u>5,133,141</u>
Income from Islamic Banking operations	601,992	131,146	469,386	92,884	-	1,295,408
Net non-interest income	<u>1,003,005</u>	<u>247,372</u>	<u>863,882</u>	<u>111,504</u>	<u>32,980</u>	<u>2,258,743</u>
Net income	4,426,714	1,056,874	2,587,555	588,541	27,608	8,687,292
Overheads	(2,246,758)	(484,247)	(1,135,117)	(166,124)	(56,140)	(4,088,386)
of which:						
Depreciation of property, plant and equipment	(121,712)	(2,791)	(11,876)	(5,019)	-	(141,398)
Amortisation of intangible assets	(108,955)	(823)	(15,380)	(15,315)	-	(140,473)
Profit before allowances	<u>2,179,956</u>	<u>572,627</u>	<u>1,452,438</u>	<u>422,417</u>	<u>(28,532)</u>	<u>4,598,906</u>
Allowances for impairment losses (made)/written-back on loans, advances and financing	(366,937)	(415,714)	788	(38)	-	(781,901)
Allowances for other impairment losses	(3,326)	(2,742)	(15,710)	(1,202)	(21)	(23,001)
Allowances written-back/(made) for commitments and contingencies	-	18,467	(2,222)	-	-	16,245
Segment result	<u>1,809,693</u>	<u>172,638</u>	<u>1,435,294</u>	<u>421,177</u>	<u>(28,553)</u>	<u>3,810,249</u>
Share of results of joint venture	3,298	-	-	-	-	3,298
Taxation						<u>(776,997)</u>
Profit for the financial period						<u><u>3,036,550</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A30. SEGMENTAL REPORT (CONTINUED)

The Group
30 September 2018

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	162,960,752	33,821,541	209,739,528	26,377,548	432,899,369
Unallocated assets					11,094,759
Total assets					443,994,128
Segment liabilities	143,301,813	32,363,747	203,466,954	14,270,672	393,403,186
Unallocated liabilities					11,659,857
Total liabilities					405,063,043
Other segment items					
Capital expenditure	487,873	7,837	38,487	19,967	554,164
Investment in joint venture	171,658	-	-	-	171,658

The Group
31 December 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	154,943,172	32,588,973	192,373,817	24,588,629	404,494,591
Unallocated assets					12,565,250
Total assets					417,059,841
Segment liabilities	137,402,150	34,649,903	186,993,581	11,473,671	370,519,305
Unallocated liabilities					8,435,605
Total liabilities					378,954,910
Other segment items					
Capital expenditure	349,676	7,164	33,239	17,100	407,179
Investment in joint venture	169,688	-	-	-	169,688

PART A-EXPLANATORY NOTES (CONTINUED)

A31. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

PART A-EXPLANATORY NOTES (CONTINUED)

A31. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 Sept 2018					
Recurring fair value measurements					
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	496,666	-	496,666	-	496,666
Financial assets at fair value through profit or loss					
-Money market instruments	18,184,786	-	18,184,786	-	18,184,786
-Quoted securities	600,872	600,872	-	-	600,872
-Unquoted securities	6,443,577	-	5,218,417	1,225,160	6,443,577
Debt instruments at fair value through other comprehensive income					
-Money market instruments	4,936,057	-	4,936,057	-	4,936,057
-Unquoted securities	19,783,096	-	19,783,095	1	19,783,096
Equity instruments at fair value through other comprehensive income					
-Quoted securities	8,725	8,725	-	-	8,725
-Unquoted securities	1,022,990	-	330,217	692,773	1,022,990
Derivative financial instruments					
-Trading derivatives	8,359,234	186,819	8,066,094	106,321	8,359,234
-Hedging derivatives	182,612	-	182,612	-	182,612
Loans, advances and financing at fair value through profit or loss	836,865	-	836,865	-	836,865
Non-financial assets					
Non-current assets/disposal groups held for sale	4,199	-	4,199	-	4,199
Total	60,859,679	796,416	58,039,008	2,024,255	60,859,679
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	7,761,531	57,225	7,640,758	63,548	7,761,531
- Hedging derivatives	847,009	-	847,009	-	847,009
Financial liabilities designated at fair values through profit or loss	5,824,494	-	5,824,494	-	5,824,494
Total	14,433,034	57,225	14,312,261	63,548	14,433,034

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2017					
Recurring fair value measurements					
Financial assets					
Financial assets held for trading					
-Money market instruments	13,885,908	-	13,885,908	-	13,885,908
-Quoted securities	1,329,774	1,329,774	-	-	1,329,774
-Unquoted securities	5,194,372	-	5,030,129	164,243	5,194,372
Financial investments available-for-sale					
-Money market instruments	2,401,517	-	2,401,517	-	2,401,517
-Quoted securities	10,216	10,216	-	-	10,216
-Unquoted securities	22,192,543	-	20,860,712	1,331,831	22,192,543
Derivative financial instruments					
-Trading derivatives	8,130,326	122,342	7,951,588	56,396	8,130,326
-Hedging derivatives	240,121	-	240,121	-	240,121
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	4,199	-	4,199	-	4,199
Total	53,388,976	1,462,332	50,374,174	1,552,470	53,388,976
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	8,190,853	157,099	8,009,650	24,104	8,190,853
- Hedging derivatives	537,584	-	537,584	-	537,584
Financial liabilities designated at fair values through profit or loss	4,773,440	-	4,378,382	395,058	4,773,440
Total	13,501,877	157,099	12,925,616	419,162	13,501,877

PART A-EXPLANATORY NOTES (CONTINUED)

A31. FAIR VALUE ESTIMATION (CONTINUED)

(i)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

The Bank	Carrying amount	The Bank			Total
		Level 1	Level 2	Level 3	
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	496,666	-	496,666	-	496,666
Financial assets at fair value through profit or loss					
-Money market instruments	13,033,175	-	13,033,175	-	13,033,175
-Quoted securities	600,872	600,872	-	-	600,872
-Unquoted securities	5,815,153	-	4,601,258	1,213,895	5,815,153
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,391,419	-	2,391,419	-	2,391,419
-Unquoted securities	14,504,759	-	14,504,759	-	14,504,759
Equity instruments at fair value through other comprehensive income					
-Quoted securities	108	108	-	-	108
-Unquoted securities	1,017,722	-	330,217	687,505	1,017,722
Derivative financial instruments					
-Trading derivatives	5,391,853	186,819	5,095,633	109,401	5,391,853
-Hedging derivatives	250,505	-	250,505	-	250,505
Loans, advances and financing at fair value through profit or loss	345,377	-	345,377	-	345,377
Total	43,847,609	787,799	41,049,009	2,010,801	43,847,609
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,952,229	57,225	4,828,599	66,405	4,952,229
-Hedging derivatives	615,681	-	615,681	-	615,681
Financial liabilities designated at fair values through profit or loss	1,522,451	-	1,522,451	-	1,522,451
Total	7,090,361	57,225	6,966,731	66,405	7,090,361

The Bank	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial assets held for trading					
-Money market instruments	9,649,627	-	9,649,627	-	9,649,627
-Quoted securities	1,329,774	1,329,774	-	-	1,329,774
-Unquoted securities	5,013,003	-	4,848,760	164,243	5,013,003
Financial investments available-for-sale					
-Money market instruments	2,006,289	-	2,006,289	-	2,006,289
-Quoted securities	131	131	-	-	131
-Unquoted securities	18,048,847	-	16,735,052	1,313,795	18,048,847
Derivative financial instruments					
-Trading derivatives	5,734,283	122,342	5,555,545	56,396	5,734,283
-Hedging derivatives	328,259	-	328,259	-	328,259
Total	42,110,213	1,452,247	39,123,532	1,534,434	42,110,213
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	6,166,409	157,099	5,977,712	31,598	6,166,409
-Hedging derivatives	357,200	-	357,200	-	357,200
Financial liabilities designated at fair values through profit or loss	1,900,972	-	1,505,914	395,058	1,900,972
Total	8,424,581	157,099	7,840,826	426,656	8,424,581

PART A-EXPLANATORY NOTES (CONTINUED)

A31. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2018 and 31 December 2017 for the Group and the Bank:

	Financial Assets						Total	Financial Liabilities		Total
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
	Unquoted securities RM'000	Unquoted securities RM'000	Unquoted securities RM'000	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000	
The Group										
2018										
At 1 January	-	-	-	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Effect of adopting MFRS 9 on 1 January 2018	1,211,452	1,503	283,119	(164,243)	(1,331,831)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,503	283,119	-	-	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income	39,959	-	-	-	-	73,542	113,501	(63,927)	(121,336)	(185,263)
Total loss recognised in other comprehensive income	-	-	(6,920)	-	-	-	(6,920)	-	-	-
Purchases	922	-	399,748	-	-	26,044	426,714	(21,964)	-	(21,964)
Sales and redemptions	(35,379)	(1,498)	(115)	-	-	-	(36,992)	-	-	-
Settlements	-	-	-	-	-	(50,165)	(50,165)	46,950	516,394	563,344
Exchange fluctuation	8,206	(4)	16,941	-	-	504	25,647	(503)	-	(503)
At 30 September	1,225,160	1	692,773	-	-	106,321	2,024,255	(63,548)	-	(63,548)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2018 under:										
- net non-interest income	39,959	-	-	-	-	73,542	113,501	(63,927)	(114,169)	(178,096)
- interest expense	-	-	-	-	-	-	-	-	(7,167)	(7,167)
Total loss recognised in other comprehensive income for financial period ended 30 September 2018 under "revaluation reserves"	-	-	(6,920)	-	-	-	(6,920)	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2018 under "net non-interest income"	39,868	-	-	-	-	51,862	91,730	(11,644)	-	(11,644)
The Bank										
2018										
At 1 January	-	-	-	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Effect of adopting MFRS 9 on 1 January 2018	1,200,187	-	277,851	(164,243)	(1,313,795)	-	-	-	-	-
Adjusted 1 January	1,200,187	-	277,851	-	-	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income	39,959	-	-	-	-	76,622	116,581	(59,290)	(121,336)	(180,626)
Total loss recognised in other comprehensive income	-	-	(6,705)	-	-	-	(6,705)	-	-	-
Purchases	922	-	399,657	-	-	26,044	426,623	(21,964)	-	(21,964)
Sales and redemptions	(35,379)	-	(115)	-	-	-	(35,494)	-	-	-
Settlements	-	-	-	-	-	(50,165)	(50,165)	46,950	516,394	563,344
Exchange fluctuation	8,206	-	16,817	-	-	504	25,527	(503)	-	(503)
At 30 September	1,213,895	-	687,505	-	-	109,401	2,010,801	(66,405)	-	(66,405)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2018 under:										
- net non-interest income	39,959	-	-	-	-	76,622	116,581	(59,290)	(114,169)	(173,459)
- interest expense	-	-	-	-	-	-	-	-	(7,167)	(7,167)
Total loss recognised in other comprehensive income for financial period ended 30 September 2018 under "revaluation reserves"	-	-	(6,705)	-	-	-	(6,705)	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2018 under "net non-interest income"	39,868	-	-	-	-	51,834	91,702	(7,006)	-	(7,006)

PART A-EXPLANATORY NOTES (CONTINUED)

A31. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2018 and 31 December 2017 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	Total RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2017							
At 1 January	178,451	1,297,868	96,182	1,572,501	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	3,136	(2,141)	(38,693)	(37,698)	64,662	(32,607)	32,055
Total gains recognised in other comprehensive income	-	84,294	-	84,294	-	-	-
Purchases	-	27,367	36,054	63,421	(44,016)	-	(44,016)
Sales and redemptions	-	(39,610)	-	(39,610)	-	-	-
Settlements	-	-	(36,621)	(36,621)	95,329	24,011	119,340
Exchange fluctuation	(17,344)	(35,947)	(526)	(53,817)	431	-	431
At 31 December	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2017 under:							
- net non-interest income	3,136	(1,700)	(38,693)	(37,257)	64,662	(15,465)	49,197
- interest expense	-	-	-	-	-	(17,142)	(17,142)
- allowances for other impairment losses	-	(441)	-	(441)	-	-	-
Total gains recognised in other comprehensive income for financial year ended 31 December 2017 under "revaluation reserves"	-	84,294	-	84,294	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2017 under "net non-interest income"	3,136	-	2,577	5,713	18,127	(15,465)	2,662
The Bank							
2017							
At 1 January	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	629	(1,694)	(52,224)	(53,289)	57,168	(32,607)	24,561
Total gains recognised in other comprehensive income	-	83,753	-	83,753	-	-	-
Purchases	103,106	27,266	36,054	166,426	(44,016)	-	(44,016)
Sales and redemptions	-	(36,733)	-	(36,733)	-	-	-
Settlements	-	-	(36,621)	(36,621)	95,329	24,011	119,340
Exchange fluctuation	(12,998)	(35,918)	(526)	(49,442)	431	-	431
At 31 December	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2017 under:							
- net non-interest income	629	(1,694)	(52,224)	(53,289)	57,168	(15,465)	41,703
- interest expense	-	-	-	-	-	(17,142)	(17,142)
Total gains recognised in other comprehensive income for financial year ended 31 December 2017 under "revaluation reserves"	-	83,753	-	83,753	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2017 under "net non-interest income"	629	-	2,577	3,206	10,633	(15,465)	(4,832)

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING

A32a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	The Group		The Bank	
		30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Assets					
Cash and short-term funds		11,234,815	13,976,616	1,991,114	1,817,616
Deposits and placements with banks and other financial institutions		69,998	1,411,098	91,766	1,418,303
Financial assets at fair value through profit or loss		2,688,362	-	295,621	-
Debt instruments at fair value through other comprehensive income		3,226,405	-	422,297	-
Equity instruments at fair value through other comprehensive income		575	-	-	-
Debt Instruments at amortised cost		6,302,821	-	76,238	-
Financial assets held for trading		-	3,547,420	-	322,282
Financial investments available-for-sale		-	2,383,164	-	459,437
Financial investments held-to-maturity		-	4,961,207	-	228,817
Islamic derivative financial instruments		616,280	653,828	20,151	19,521
Financing, advances and other financing/loans	A32c	76,025,158	62,984,440	5,547,267	5,433,031
Other assets		1,211,024	915,820	656,034	311,730
Deferred taxation		12,285	17,794	-	-
Amount due from conventional operations		1,278,436	1,278,436	-	-
Amount due from related companies		1,476,800	1,215,664	1,476,126	1,215,250
Statutory deposits with Bank Negara Malaysia		2,034,902	1,554,286	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		73,353	79,149	42	58
Property, plant and equipment		3,505	6,038	8	7
Total assets		106,390,719	95,120,960	10,576,664	11,226,052
Liabilities					
Deposits from customers	A32d	75,285,741	68,915,949	4,613,970	4,186,971
Investment accounts of customers	A32e	3,439,548	907,763	-	-
Deposits and placements of banks and other financial institutions		3,032,809	1,880,964	1,976,788	2,381,667
Investment accounts due to designated financial institutions	A32f	9,708,433	8,145,684	-	-
Financial liabilities designated at fair value through profit or loss	A32g	1,291	2,234	-	-
Islamic derivative financial instruments		638,521	701,912	17,712	9,152
Other liabilities		3,650,950	3,777,163	3,242,354	3,157,681
Recourse obligation on loans and financing sold to Cagamas		1,916,946	2,072,300	-	-
Sukuk		383,258	463,257	-	-
Amount due to related company		343,735	1,187,453	245,993	1,090,910
Amount due to conventional operations		386,524	20,588	-	-
Provision for taxation		54,043	54,389	-	-
Subordinated Sukuk		613,973	615,006	-	-
Total liabilities		99,455,772	88,744,662	10,096,817	10,826,381
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		5,714,947	5,156,298	479,847	399,671
Total equity		6,934,947	6,376,298	479,847	399,671
Total equity and liabilities		106,390,719	95,120,960	10,576,664	11,226,052

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Income derived from investment of depositors' funds and others	918,805	788,357	2,655,259	2,289,287
Income derived from investment of investment accounts	157,508	66,534	408,015	177,694
Net income derived from investment of shareholders' funds	129,877	83,285	376,149	225,933
Expected credit losses/allowance for impairment losses on financing, advances and other financing/loans	(31,302)	(26,237)	(114,336)	(69,744)
Expected credit losses for commitments and contingencies	(2,020)	-	(6,825)	-
Other expected credit losses/allowance written-back for other impairment losses	589	20	1,576	1
Total distributable income	1,173,457	911,959	3,319,838	2,623,171
Income attributable to depositors and others	(603,819)	(493,120)	(1,724,576)	(1,414,101)
Profit distributed to investment account holder	(125,035)	(50,487)	(325,147)	(131,097)
Total net income	444,603	368,352	1,270,115	1,077,973
Other operating expenses	(149,557)	(137,575)	(447,294)	(407,571)
Profit before taxation and zakat	295,046	230,777	822,821	670,402
Taxation and zakat	(23,140)	(50,619)	(136,193)	(140,942)
Profit for the financial period	271,906	180,158	686,628	529,460

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Profit for the financial period	271,906	180,158	686,628	529,460
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Equity instruments at fair value through other comprehensive income	(120)	10	(130)	-
- Net (loss)/gain from change in fair value	(120)	10	(130)	-
<i>Items that may be reclassified to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	-	1,715	-	21,936
- Net gain from change in fair value	-	4,245	-	27,718
- Realised gain transferred to statement of income on disposal and impairment	-	(2,558)	-	(3,400)
- Income tax effects	-	(15)	-	(2,487)
- Currency transaction difference	-	43	-	105
Debt instruments at fair value through other comprehensive income	18,284	-	6,637	-
- Net gain from change in fair value	26,691	-	14,184	-
- Realised gain transferred to statement of income on disposal	(2,982)	-	(5,385)	-
- Changes in expected credit losses	43	-	516	-
- Income tax effects	(5,468)	-	(2,678)	-
Exchange fluctuation reserve	7,516	(190)	863	1,525
	25,800	1,525	7,500	23,461
Other comprehensive income for the financial period, net of tax	25,680	1,535	7,370	23,461
Total comprehensive income for the period	297,586	181,693	693,998	552,921
Total net income	444,603	368,352	1,270,115	1,077,973
Add:				
Expected credit losses/allowance for impairment losses on financing, advances and other financing/loans	31,302	26,237	114,336	69,744
Expected credit losses for commitments and contingencies	2,020	-	6,825	-
Other expected credit losses/allowance written-back for other impairment losses	(589)	(20)	(1,576)	(1)
	477,336	394,569	1,389,700	1,147,716
Elimination for transactions with conventional operations	104,670	54,321	292,826	147,692
Income from Islamic operations (per page 2)	582,006	448,890	1,682,526	1,295,408

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A32(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	46,449	52,253	116,508	157,949
Net income derived from investment of shareholders' funds	9,348	1,282	60,078	3,568
Expected credit losses written-back/(made) on financing, advances and other financing/loans	2,349	(9,952)	(7,450)	(13,391)
Expected credit losses for commitments and contingencies	(598)	-	(334)	-
Other expected credit losses/allowance written-back for other impairment losses	593	-	2,100	-
Total distributable income	58,141	43,583	170,902	148,126
Income attributable to depositors and others	(24,710)	(18,032)	(70,698)	(52,165)
Total net income	33,431	25,551	100,204	95,961
Other operating expenses	(918)	-	(2,797)	-
Profit for the financial period	32,513	25,551	97,407	95,961

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	32,513	25,551	97,407	95,961
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	-	1,668	-	14,081
- Net gain from change in fair value	-	3,117	-	15,212
- Realised gain transferred to statement of income on disposal and impairment	-	(1,494)	-	(1,245)
- Currency translation difference	-	45	-	114
Debt instruments at fair value through other comprehensive income	934	-	(2,333)	-
- Net gain/(loss) from change in fair value	924	-	(2,360)	-
- Changes in expected credit losses	10	-	27	-
Exchange fluctuation reserve	9,889	(1,903)	2,846	(4,715)
Other comprehensive income/(expense) for the financial period, net of tax	10,823	(235)	513	9,366
Total comprehensive income for the period	43,336	25,316	97,920	105,327
Total net income	33,431	25,551	100,204	95,961
Add:				
Expected credit losses (written-back)/made on financing, advances and other financing/loans	(2,349)	9,952	7,450	13,391
Expected credit losses for commitments and contingencies	598	-	334	-
Other expected credit losses/allowance written-back for other impairment losses	(593)	-	(2,100)	-
Elimination for transactions with conventional operations	4,147	2,657	13,986	9,031
Income from Islamic operations (per page 4)	35,234	38,160	119,874	118,383

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 30 September 2018

At amortised cost	Sale-based contracts				Lease-based contracts			Equity-based	Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai'	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah		Mudharabah RM'000	Qard RM'000	Ujrah RM'000	
		Bithaman Ajil RM'000				Muntabiah Bi al- Tamluk *	Al-Ijarah Thumma al-Bai # RM'000				
Cash line [^]	-	10,801	2,199	-	845,079	-	-	-	2,277	-	860,356
Term financing											
- House financing	-	5,921,136	-	-	9,916,439	1,378,948	-	-	-	-	17,216,523
- Syndicated financing	480,479	-	170,953	-	1,972,884	17,586	-	700	-	-	2,642,602
- Hire purchase receivables	-	-	-	-	-	-	7,242,826	-	-	-	7,242,826
- Other term financing	1,021,962	1,540,774	9,125,403	-	25,120,426	53,222	-	-	-	-	36,861,787
Bills receivable	-	-	-	13,174	-	-	-	-	328	-	13,502
Islamic trust receipts	109,007	-	-	-	-	-	-	-	-	-	109,007
Claims on customers under acceptance credits	698,645	-	-	61,661	-	-	-	-	-	-	760,306
Staff financing	-	-	-	-	103,203	-	-	-	-	-	103,203
Revolving credits	-	-	-	-	8,097,602	-	-	-	-	-	8,097,602
Credit card receivables	-	-	-	-	-	-	-	-	-	132,452	132,452
Share purchase financing	410	-	-	-	-	-	-	-	-	-	410
Other financing	-	-	-	1,992,523	-	-	-	-	-	-	1,992,523
Gross financing, advances and other financing/loans, at amortised cost	2,310,503	7,472,711	9,298,555	2,067,358	46,055,633	1,449,756	7,242,826	700	2,605	132,452	76,033,099
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	41,697	-	445,502	4,289	-	-	-	-	491,488
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	41,697	-	445,502	4,289	-	-	-	-	491,488
Total Gross loans, advances and financing											76,524,587
Fair value changes arising from fair value hedges											39,656
											76,564,243
Less: Expected credit losses											
At amortised cost:											
- Expected credit losses on financing, advances and other financing/loans											(539,085)
Net financing, advances and other financing/loans											76,025,158

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Group
At 31 December 2017

	Sale-based contracts				Lease-based contracts			Equity-based	Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Muntahiah Bi al- Tamlik * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	
At amortised cost											
Cash line [^]	-	14,452	4,221	-	777,355	-	-	-	2,064	-	798,092
Term financing											
- House financing	-	6,329,300	-	-	6,775,695	1,433,334	-	-	-	-	14,538,329
- Syndicated financing	496,721	-	228,506	-	2,092,012	59,738	-	739	-	-	2,877,716
- Hire purchase receivables	-	-	-	-	-	-	5,709,622	-	-	-	5,709,622
- Other term financing	1,079,047	1,720,870	9,305,762	-	19,486,424	55,169	-	-	-	-	31,647,272
Bills receivable	-	-	-	1,567,399	-	-	-	-	292	-	1,567,691
Islamic trust receipts	153,508	-	-	-	-	-	-	-	-	-	153,508
Claims on customers under acceptance credits	699,677	-	-	152,731	-	-	-	-	-	-	852,408
Staff financing	-	-	-	-	57,729	-	-	-	-	-	57,729
Revolving credits	-	-	-	-	4,929,326	-	-	-	-	-	4,929,326
Credit card receivables	-	-	-	-	-	-	-	-	-	128,947	128,947
Share purchase financing	3,737	-	-	-	-	-	-	-	-	-	3,737
Gross financing, advances and other financing/loans	2,432,690	8,064,622	9,538,489	1,720,130	34,118,541	1,548,241	5,709,622	739	2,356	128,947	63,264,377
Fair value changes arising from fair value hed											69,873
											63,334,250
Less: Allowance for impairment losses											
- Individual impairment allowance											(103,254)
- Portfolio impairment allowance											(246,556)
											(349,810)
Net financing, advances and other financing/loans											62,984,440

[^] Includes current account in excess

* CIMB Islamic is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

CIMB Islamic is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Bank
At 30 September 2018

At amortised cost	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line [^]	-	-	24	-	24
Term financing					
- Syndicated financing	480,479	-	146,357	700	627,536
- Other term financing	1,021,962	-	1,419,720	-	2,441,682
Islamic trust receipts	3,423	-	-	-	3,423
Revolving credits	-	-	558,412	-	558,412
Other financing	-	1,992,523	-	-	1,992,523
Gross financing, advances and other financing/loans	1,505,864	1,992,523	2,124,513	700	5,623,600
Fair value changes arising from fair value hedges					-
					5,623,600
Less: Expected credit losses					
At amortised cost:					
- Expected credit losses on financing, advances and other financing/loans					(76,333)
Net financing, advances and other financing/loans					5,547,267

The Bank
At 31 December 2017

At amortised cost	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Term financing					
- Syndicated financing	496,721	-	185,740	739	683,200
- Other term financing	1,079,047	-	1,643,376	-	2,722,423
Bills receivable	-	1,543,473	-	-	1,543,473
Islamic trust receipts	68,015	-	-	-	68,015
Staff financing	-	-	24	-	24
Revolving credits	-	-	471,681	-	471,681
Gross financing, advances and other financing/loans	1,643,783	1,543,473	2,300,821	739	5,488,816
Fair value changes arising from fair value hedge					-
					5,488,816
Less: Allowance for impairment losses					
- Individual impairment allowance					(53,902)
- Portfolio impairment allowance					(1,883)
					(55,785)
Net financing, advances and other financing/loans					5,433,031

[^] Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM3,687,460,000 (2017: RM3,695,054,000) financing using Islamic profit rate swaps.

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

As at 30 September 2018, the gross carrying amount relating to RPSIA financing is RM8,571,235,000 (2017: RM6,123,712,000) and 12-month expected credit losses relating to this RPSIA is RM38,310,000 (2017: portfolio impairment allowance of RM10,248,000).

c) Movement of Qard financing

	The Group	
	30 Sept 2018	31 Dec 2017
	RM'000	RM'000
As at 1 January	2,356	4,283
New disbursement	1,577	1,064
Repayment	(1,328)	(2,991)
As at 30 September/31 December	2,605	2,356
Sources of Qard fund:		
Depositors' fund	2,449	2,220
Shareholders' fund	156	136
	2,605	2,356
Uses of Qard fund:		
Personal use	172	162
Business purpose	2,433	2,194
	2,605	2,356

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Malaysia	71,019,499	57,877,099	118,512	101,538
Indonesia	54,165	62,846	54,165	62,846
Singapore	4,030,898	4,150,641	4,030,898	4,150,641
Hong Kong	513,428	283,246	513,428	283,246
Other countries	906,597	890,545	906,597	890,545
	76,524,587	63,264,377	5,623,600	5,488,816

iii) By economic sector

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Primary agriculture	2,367,817	1,993,109	117,738	34,752
Mining and quarrying	2,290,922	2,500,638	736,126	893,190
Manufacturing	2,269,415	1,884,883	76,142	161,289
Electricity, gas and water supply	96,802	103,420	-	-
Construction	2,595,134	1,405,408	75,671	25,545
Transport, storage and communications	4,232,229	2,594,541	515,576	348,573
Education, health and others	7,949,203	7,581,993	-	-
Wholesale and retail trade, and restaurants and hotels	3,100,362	2,145,046	1,383,142	897,214
Finance, insurance/takaful, real estate and business activities	11,211,315	9,515,550	2,466,424	2,891,687
Household	40,080,502	33,246,950	-	-
Others	330,886	292,839	252,781	236,566
	76,524,587	63,264,377	5,623,600	5,488,816

iv) Credit impaired/Impaired financing, advances and other financing/loans by geographical distribution

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Malaysia	484,740	456,101	46,706	74,231
Singapore	68,335	66,950	68,335	66,950
Other countries	140,065	145,462	140,065	145,462
	693,140	668,513	255,106	286,643

v) Credit impaired/Impaired financing, advances and other financing/loans by economic sector

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Primary agriculture	9,960	2,589	-	-
Mining and quarrying	189,795	189,591	187,027	187,063
Manufacturing	24,411	21,636	-	-
Construction	28,753	7,306	-	-
Transport, storage and communications	125,881	159,765	68,079	99,580
Education, health and others	10,977	11,967	-	-
Wholesale and retail trade, and restaurants and hotels	14,874	1,672	-	-
Finance, insurance/takaful, real estate and business activities	37,088	23,887	-	-
Household	251,391	248,060	-	-
Others	10	2,040	-	-
	693,140	668,513	255,106	286,643

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(v) Movements in the expected credit losses/allowance for financing, advances and other financing/loans are as follows:

Expected credit losses movement of financing, advances and other financing/loans at amortised cost:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	-	-	103,254	246,556	349,810
Effect of adopting MFRS 9	125,173	119,420	215,615	(103,254)	(246,556)	110,398
Adjusted 1 January 2018	125,173	119,420	215,615	-	-	460,208
Changes in expected credit losses due to transferred within stages:	179,907	(156,942)	(22,965)	-	-	-
Transferred to Stage 1	221,769	(187,612)	(34,157)	-	-	-
Transferred to Stage 2	(41,689)	83,628	(41,939)	-	-	-
Transferred to Stage 3	(173)	(52,958)	53,131	-	-	-
Total charge to Income Statement:	(131,227)	140,789	142,715	-	-	152,277
New financial assets originated	118,869	11	410	-	-	119,290
Financial assets that have been derecognised	(82,677)	(1,200)	-	-	-	(83,877)
Writeback in respect of full recoveries	-	-	(2,358)	-	-	(2,358)
Change in credit risk	(167,419)	141,978	144,663	-	-	119,222
Write-offs	-	-	(79,447)	-	-	(79,447)
Exchange fluctuation	(43)	(42)	1,563	-	-	1,478
Other movements	(66)	(146)	4,781	-	-	4,569
At 30 September 2018	173,744	103,079	262,262	-	-	539,085

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	-	-	53,902	1,883	55,785
Effect of adopting MFRS 9	10,448	3,057	53,903	(53,902)	(1,883)	11,623
Adjusted 1 January 2018	10,448	3,057	53,903	-	-	67,408
Total charge to Income Statement:	(983)	(2,609)	11,042	-	-	7,450
Change in credit risk	(983)	(2,609)	11,042	-	-	7,450
Exchange fluctuation	(45)	(43)	1,563	-	-	1,475
At 30 September 2018	8,246	1,579	66,508	-	-	76,333

CIMB Islamic Bank

30 Sept 2018

1.0%

Loss allowance for non-credit-impaired exposures and regulatory reserve

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Group RM'000	The Bank RM'000
Individual impairment allowance		
At 1 January	65,362	17,300
Net allowance made during the financial period/year	49,786	40,024
Amount written off	(9,801)	(1,329)
Exchange fluctuation	(2,093)	(2,093)
At 31 December 2017	<u>103,254</u>	<u>53,902</u>
Portfolio impairment allowance		
At 1 January	249,588	6,726
Net allowance made/(written-back) during the financial period/year	120,114	(4,546)
Amount written off	(122,681)	-
Transfer to conventional operations	(73)	-
Exchange fluctuation	(392)	(297)
At 31 December 2017	<u>246,556</u>	<u>1,883</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment	<u>1.07%</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

Gross carrying amount movement of financing, advances and other financing/loans at amortised cost classified as credit impaired:

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired financing, advances and other financing/loans under MFRS 139 RM'000	Total RM'000
	At 1 January 2018	-	668,513
Effect of adopting MFRS 9	668,513	(668,513)	-
Adjusted 1 Jan 2018	668,513	-	668,513
Transfer within stages	179,471	-	179,471
New financial assets originated	1,062	-	1,062
Write-offs	(79,447)	-	(79,447)
Amount fully recovered	(30,308)	-	(30,308)
Other changes in financing, advances and other financing/loans	(49,108)	-	(49,108)
Exchange fluctuation	2,957	-	2,957
At 30 September 2018	693,140	-	693,140

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired financing, advances and other financing/loans under MFRS 139 RM'000	Total RM'000
	At 1 January 2018	-	286,643
Effect of adopting MFRS 9	286,643	(286,643)	-
Adjusted 1 Jan 2018	286,643	-	286,643
Other changes in financing, advances and other financing/loans	(34,494)	-	(34,494)
Exchange fluctuation	2,957	-	2,957
At 30 September 2018	255,106	-	255,106

	The Group 30 Sept 2018	The Bank 30 Sept 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.9%	4.5%

Impaired financing, advances and other financing/loans under MFRS 139:

	The Group 31 Dec 2017 RM'000	The Bank 31 Dec 2017 RM'000
At 1 January 2017	570,970	104,607
Classified as impaired during the financial period/year	645,983	195,836
Reclassified as not impaired during the financial period/year	(295,807)	-
Amount written back in respect of recoveries	(107,680)	-
Amount written off	(132,482)	(1,329)
Exchange fluctuation	(12,471)	(12,471)
At 31 December 2017	668,513	286,643

	The Group	The Bank
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.1%	5.2%

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32d. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	-	3,055,616	-	-
Qard	-	610	-	-
Commodity Murabahah (via Tawarruq arrangement)*	3,527,392	275,347	238,092	264,896
Demand deposit				
Wadiah	-	11,247,202	-	218,003
Qard	9,226,110	210,386	15,747	-
Commodity Murabahah (via Tawarruq arrangement)*	1,728,141	34,230	324,875	34,230
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	39,040,192	33,420,800	2,007,130	1,605,408
Fixed Return Income Account-i (via Tawarruq arrangement)*	21,636,803	20,110,592	2,028,126	2,033,976
Short term money market deposit-i				
Wakalah	-	11,961	-	11,961
Wadiah	-	9,516	-	9,516
Fixed Deposit-i				
Wadiah	-	8,981	-	8,981
General investment account				
Mudharabah	445	2,169	-	-
Specific investment account				
Mudharabah	108,682	113,014	-	-
Islamic negotiable instruments				
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,199	-	-
Others - Qard	17,976	17,326	-	-
	75,285,741	68,915,949	4,613,970	4,186,971

*included Qard contract of RM534,951,000 (2017: RM329,721,000)

(ii) By maturity structures of term deposits

	The Group		The Bank	
	30 Sept 2018 RM'000	31 Dec 2017 RM'000	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Due within six months	49,314,095	48,119,521	3,245,371	2,979,082
Six months to less than one year	11,323,810	5,762,299	765,572	633,834
One year to less than three years	51,337	78,284	24,313	56,926
Three years to less than five years	634	2,114	-	-
Five years and more	96,246	113,014	-	-
	60,786,122	54,075,232	4,035,256	3,669,842

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32d. DEPOSITS FROM CUSTOMERS (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	3,764,799	3,745,450	123	145
Business enterprises	32,889,574	28,122,389	2,342,846	1,966,444
Individuals	20,007,605	17,224,352	2,112,786	2,054,872
Others	18,623,763	19,823,758	158,215	165,510
	75,285,741	68,915,949	4,613,970	4,186,971

A32e. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	435,526	289,203	-	-
-with maturity				
Term Investment Account-i	3,004,022	618,560	-	-
	3,439,548	907,763	-	-

The underlying assets for the investments are hire purchase, house financing and other term financing.

A32f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	9,708,433	8,145,684	-	-
By type of counterparty				
Licensed banks	9,708,433	8,145,684	-	-

The underlying assets for the investments are deposit placement with financial institutions, syndicated term financing, revolving credit and other term financing.

A32g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	1,291	2,234	-	-

The Group has issued structured investments, and has designated them at fair value in accordance with MFRS9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 September 2018 was RM70,000 (31 December 2017: RM10,000) 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN ACCOUNTING POLICIES

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Bank apply MFRS 9 “Financial Instruments”, replacing MFRS 139 “Financial Instruments: Recognition and Measurement”, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

(i)

The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018:

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Cash and short-term funds		
Closing balance under MFRS 139 as at 31 December 2017	33,341,519	19,642,521
- recognition of expected credit losses under MFRS 9	(41)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>33,341,478</u>	<u>19,642,521</u>
Reverse repurchase agreements		
Closing balance under MFRS 139 as at 31 December 2017	6,484,687	5,000,601
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	(13,680)
Opening balance under MFRS 9 as at 1 January 2018	<u>6,471,007</u>	<u>4,986,921</u>
Deposits and placements with banks and other financial institutions		
Closing balance under MFRS 139 as at 31 December 2017	1,194,205	9,227,427
- recognition of expected credit losses under MFRS 9	(1,607)	(1,524)
Opening balance under MFRS 9 as at 1 January 2018	<u>1,192,598</u>	<u>9,225,903</u>
Financial assets at fair value through profit or loss		
Closing balance under MFRS 139 as at 31 December 2017		
- reclassification from financial assets held for trading	20,402,996	15,985,346
- reclassification from financial investments available-for-sale	1,502,211	1,490,946
- reclassification from financial investments held-to-maturity	535,516	535,516
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	(13,786)
Opening balance under MFRS 9 as at 1 January 2018	<u>22,426,937</u>	<u>17,998,022</u>
Debt instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017		
- reclassification from financial investments available-for-sale	21,555,816	17,333,365
- reclassification from financial investments held-to-maturity	803,095	495,760
- unrealised gain on debt instruments at fair value through other comprehensive income	9,548	6,720
Opening balance under MFRS 9 as at 1 January 2018	<u>22,368,459</u>	<u>17,835,845</u>
Equity instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017		
- reclassification from financial investments available-for-sale	627,921	612,568
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	147,249	118,198
- Unrealised loss on equity instruments at fair value through other comprehensive income	(147,249)	(118,198)
Opening balance under MFRS 9 as at 1 January 2018	<u>627,921</u>	<u>612,568</u>
Debt instruments at amortised cost		
Closing balance under MFRS 139 as at 31 December 2017		
- reclassification from financial investments held-to-maturity	32,984,491	27,667,285
- reclassification from financial investments available-for-sale	918,328	618,388
- reclassification from financial assets held for trading	7,058	7,058
- Remeasurement of debt instruments at amortised cost	23,802	15,619
- recognition of expected credit losses under MFRS 9	(19,479)	(19,062)
Opening balance under MFRS 9 as at 1 January 2018	<u>33,914,200</u>	<u>28,289,288</u>

A33. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018 (Continued):

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Financial assets held for trading		
Closing balance under MFRS 139 as at 31 December 2017	20,410,054	15,992,404
- reclassification to financial assets at fair value through profit or loss	(20,402,996)	(15,985,346)
- reclassification to debt instruments at amortised cost	(7,058)	(7,058)
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
Financial investments available-for-sale		
Closing balance under MFRS 139 as at 31 December 2017	24,604,276	20,055,267
- reclassification to debt instruments at fair value through other comprehensive income	(21,555,816)	(17,333,365)
- reclassification to financial assets at fair value through profit or loss	(1,502,211)	(1,490,946)
- reclassification to debt instruments at amortised cost	(918,328)	(618,388)
- reclassification to equity instruments at fair value through other comprehensive income	(627,921)	(612,568)
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
Financial investments held-to-maturity		
Closing balance under MFRS 139 as at 31 December 2017	34,323,102	28,698,561
- reclassification to debt instruments at amortised cost	(32,984,491)	(27,667,285)
- reclassification to debt instruments at fair value through other comprehensive income	(803,095)	(495,760)
- reclassification to financial assets at fair value through profit or loss	(535,516)	(535,516)
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
Loans, advances and financing		
Closing balance under MFRS 139 as at 31 December 2017	261,788,709	176,897,036
- recognition of expected credit losses under MFRS 9	(905,415)	(802,904)
Opening balance under MFRS 9 as at 1 January 2018	<u>260,883,294</u>	<u>176,094,132</u>
Deferred tax assets		
Closing balance under MFRS 139 as at 31 December 2017	333,851	111,658
- Tax effect arising from MFRS 9	134,022	155,236
Opening balance under MFRS 9 as at 1 January 2018	<u>467,873</u>	<u>266,894</u>
Other liabilities		
Closing balance under MFRS 139 as at 31 December 2017	12,003,591	10,430,514
- recognition of expected credit losses under MFRS 9	392,603	307,920
Opening balance under MFRS 9 as at 1 January 2018	<u>12,396,194</u>	<u>10,738,434</u>
Provision for taxation		
Closing balance under MFRS 139 as at 31 December 2017	358,462	300,254
- Tax effect arising from MFRS 9	(296,912)	(256,894)
Opening balance under MFRS 9 as at 1 January 2018	<u>61,550</u>	<u>43,360</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018
(Continued):

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Retained profits		
Closing balance under MFRS 139 as at 31 December 2017	17,643,982	12,433,661
- Transfer to regulatory reserve	(11,092)	(56,728)
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	147,249	118,198
- Transfer from revaluation reserve - financial investment available-for-sale	672,566	659,669
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	(13,786)
- Remeasurement of debt instruments at amortised cost	20	20
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	(13,680)
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(1,223)	-
- Recognition of expected credit losses under MFRS 9	(1,343,680)	(1,154,675)
- Tax effect arising from MFRS 9	275,701	256,895
- Transfer to cost of hedging reserve	(55)	(55)
- Transfer from own credit risk reserve	4,212	4,212
	17,360,214	12,233,731
Revaluation reserve - financial investment available-for-sale		
Closing balance under MFRS 139 as at 31 December 2017	500,464	501,733
- Transfer to retained profits	(672,566)	(659,669)
- Revaluation loss transfer to fair value reserve - debt instruments at fair value through other comprehensive income	144,509	137,617
- Transfer to fair value reserve - equity instruments at fair value through other comprehensive income	(125,078)	(123,016)
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	2,254	-
- Day 1 remeasurement of debts at amortised cost	23,782	15,599
- Tax effect arising from MFRS 9	126,635	127,736
	-	-
Fair value reserve - Debt instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Revaluation loss transfer from revaluation reserve - financial investment available-for-sale	(144,509)	(137,617)
- Unrealised gain on debt instruments at fair value through other comprehensive income	9,548	6,720
- Recognition of expected credit losses under MFRS 9	24,535	23,265
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(673)	-
- Tax effect arising from MFRS 9	41,218	39,745
	(69,881)	(67,887)
Fair value reserve - Equity instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from revaluation reserve - financial investment available-for-sale	125,078	123,016
- Unrealised loss on equity instruments at fair value through other comprehensive income	(147,249)	(118,198)
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	1,603	-
- Tax effect arising from MFRS 9	(12,620)	(12,246)
	(33,188)	(7,428)

A33. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018 (Continued):

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Own credit risk reserve		
Closing balance under MFRS 139 as at 31 December 2017		
- Transfer from retained profits	(4,212)	(4,212)
	<u>(4,212)</u>	<u>(4,212)</u>
Regulatory reserve		
Closing balance under MFRS 139 as at 31 December 2017	1,500,556	1,208,956
- Transfer from retained profits	11,092	56,728
	<u>1,511,648</u>	<u>1,265,684</u>
Cost of hedging reserve		
Closing balance under MFRS 139 as at 31 December 2017		
- Transfer from retained profits	55	55
	<u>55</u>	<u>55</u>
Non-controlling interests		
Closing balance under MFRS 139 as at 31 December 2017	256,511	-
Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(1,961)	-
	<u>254,550</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(ii) Impact on the Group's and the Bank's Statement of Financial Position as at 31 December 2017 and 1 January 2018:

	The Group				Bank					
	Audited as at 31 Dec 2017 RM'000	Remeasurement RM'000	Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000	Audited as at 31 Dec 2017 RM'000	Remeasurement RM'000	Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000
Assets										
Cash and short term funds	33,341,519	(41)	-	(41)	33,341,478	19,642,521	-	-	-	19,642,521
Reverse repurchase agreements	6,484,687	(13,680)	-	(13,680)	6,471,007	5,000,601	(13,680)	-	(13,680)	4,986,921
Deposits and placements with banks and other financial institutions	1,194,205	(1,607)	-	(1,607)	1,192,598	9,227,427	(1,524)	-	(1,524)	9,225,903
Financial assets at fair value through profit or loss	-	(13,786)	22,440,723	22,426,937	22,426,937	-	(13,786)	18,011,808	17,998,022	17,998,022
Debt instruments at fair value through other comprehensive income	-	9,548	22,358,911	22,368,459	22,368,459	-	6,720	17,829,125	17,835,845	17,835,845
Equity instruments at fair value through other comprehensive income	-	-	627,921	627,921	627,921	-	-	612,568	612,568	612,568
Debt instruments at amortised cost	-	4,323	33,909,877	33,914,200	33,914,200	-	(3,443)	28,292,731	28,289,288	28,289,288
Financial assets held for trading	20,410,054	-	(20,410,054)	(20,410,054)	-	15,992,404	-	(15,992,404)	(15,992,404)	-
Financial investments available-for-sale	24,604,276	-	(24,604,276)	(24,604,276)	-	20,055,267	-	(20,055,267)	(20,055,267)	-
Financial investments held-to-maturity	34,323,102	-	(34,323,102)	(34,323,102)	-	28,698,561	-	(28,698,561)	(28,698,561)	-
Derivative financial instruments	8,370,447	-	-	-	8,370,447	6,062,542	-	-	-	6,062,542
Loans, advances and financing	261,788,709	(905,415)	-	(905,415)	260,883,294	176,897,036	(802,904)	-	(802,904)	176,094,132
Other assets	9,372,677	-	-	-	9,372,677	8,132,565	-	-	-	8,132,565
Tax recoverable	9,246	-	-	-	9,246	-	-	-	-	-
Deferred taxation	333,851	(21,890)	155,912	134,022	467,873	111,658	-	155,236	155,236	266,894
Statutory deposits with central banks	8,630,364	-	-	-	8,630,364	6,503,641	-	-	-	6,503,641
Amounts due from holding company and ultimate holding company	3,227	-	-	-	3,227	3,227	-	-	-	3,227
Amount due from subsidiaries	-	-	-	-	-	63,827	-	-	-	63,827
Amount due from related companies	1,107,017	-	-	-	1,107,017	1,105,782	-	-	-	1,105,782
Investment in subsidiaries	-	-	-	-	-	6,002,931	-	-	-	6,002,931
Investment in joint venture	169,688	-	-	-	169,688	125,000	-	-	-	125,000
Goodwill	5,177,536	-	-	-	5,177,536	3,555,075	-	-	-	3,555,075
Intangible assets	1,002,253	-	-	-	1,002,253	877,706	-	-	-	877,706
Prepaid lease payments	397	-	-	-	397	-	-	-	-	-
Property, plant and equipment	732,387	-	-	-	732,387	396,628	-	-	-	396,628
	417,055,642	(942,548)	155,912	(786,636)	416,269,006	308,454,399	(828,617)	155,236	(673,381)	307,781,018
Non-current assets/disposal groups held for sale	4,199	-	-	-	4,199	-	-	-	-	-
TOTAL ASSETS	417,059,841	(942,548)	155,912	(786,636)	416,273,205	308,454,399	(828,617)	155,236	(673,381)	307,781,018

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN COMPARATIVES (CONTINUED)

(ii) Impact on the Group's and the Bank's Statement of Financial Position as at 31 December 2017 and 1 January 2018 (Continued):

	The Group				Bank					
	Audited as at 31 Dec 2017 RM'000	Remeasurement RM'000	Effect of adopting MFRS 9 Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000	Audited as at 31 Dec 2017 RM'000	Remeasurement RM'000	Effect of adopting MFRS 9 Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000
Liabilities										
Deposits from customers	295,900,121	-	-	-	295,900,121	207,442,951	-	-	-	207,442,951
Investment accounts of customers	907,763	-	-	-	907,763	-	-	-	-	-
Deposits and placements of banks and other financial institutions	17,101,949	-	-	-	17,101,949	16,164,109	-	-	-	16,164,109
Repurchase agreements	3,318,517	-	-	-	3,318,517	3,318,517	-	-	-	3,318,517
Financial liabilities designated at fair value	4,773,440	-	-	-	4,773,440	1,900,972	-	-	-	1,900,972
Derivative financial instruments	8,728,437	-	-	-	8,728,437	6,523,609	-	-	-	6,523,609
Bills and acceptances payable	1,926,089	-	-	-	1,926,089	1,086,455	-	-	-	1,086,455
Amount due to subsidiaries	-	-	-	-	-	12,555	-	-	-	12,555
Amount due to related companies	13,267	-	-	-	13,267	10,308	-	-	-	10,308
Other liabilities	12,003,591	392,603	-	392,603	12,396,194	10,430,514	307,920	-	307,920	10,738,434
Recourse obligation on loans and financing sold to Cagamas	5,195,248	-	-	-	5,195,248	3,122,948	-	-	-	3,122,948
Provision for taxation	358,462	(296,912)	-	(296,912)	61,550	300,254	(256,894)	-	(256,894)	43,360
Deferred taxation	2,639	-	-	-	2,639	-	-	-	-	-
Bonds, sukuk and debentures	13,263,385	-	-	-	13,263,385	11,204,948	-	-	-	11,204,948
Other borrowings	5,100,684	-	-	-	5,100,684	5,697,728	-	-	-	5,697,728
Subordinated obligations	10,361,318	-	-	-	10,361,318	9,533,891	-	-	-	9,533,891
Total liabilities	378,954,910	95,691	-	95,691	379,050,601	276,749,759	51,026	-	51,026	276,800,785
Equity										
Ordinary share capital	17,610,939	-	-	-	17,610,939	17,610,939	-	-	-	17,610,939
Reserves	20,007,741	(1,036,278)	155,912	(880,366)	19,127,375	13,863,961	(879,643)	155,236	(724,407)	13,139,554
	37,618,680	(1,036,278)	155,912	(880,366)	36,738,314	31,474,900	(879,643)	155,236	(724,407)	30,750,493
Perpetual preference shares	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Redeemable preference shares	29,740	-	-	-	29,740	29,740	-	-	-	29,740
Non-controlling interests	256,511	(1,961)	-	(1,961)	254,550	-	-	-	-	-
TOTAL EQUITY	38,104,931	(1,038,239)	155,912	(882,327)	37,222,604	31,704,640	(879,643)	155,236	(724,407)	30,980,233
TOTAL EQUITY AND LIABILITIES	417,059,841	(942,548)	155,912	(786,636)	416,273,205	308,454,399	(828,617)	155,236	(673,381)	307,781,018

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(iii) Impact on the Group's and the Bank's Statement of Changes in Equity as at 31 December 2017 and 1 January 2018:

	The Group				Adjusted 1 Jan 2018 RM'000
	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9		Total RM'000	
		Remeasurement RM'000	Reclassification RM'000		
Retained profits	17,643,982	(985,386)	701,618	(283,768)	17,360,214
Revaluation reserve - financial investment available-for-sale	500,464	26,036	(526,500)	(500,464)	-
Fair value reserves					
- Debt instruments at fair value through other comprehensive income	-	32,732	(102,613)	(69,881)	(69,881)
- Equity instruments at fair value through other comprehensive income	-	(116,595)	83,407	(33,188)	(33,188)
Own credit risk reserve	-	(4,212)	-	(4,212)	(4,212)
Regulatory reserve	1,500,556	11,092	-	11,092	1,511,648
Cost of hedging reserve	-	55	-	55	55
Non-controlling interests	256,511	(1,961)	-	(1,961)	254,550
	19,901,513	(1,038,239)	155,912	(882,327)	19,019,186

	The Bank				Adjusted 1 Jan 2018 RM'000
	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9		Total RM'000	
		Remeasurement RM'000	Reclassification RM'000		
Retained profits	12,433,661	(859,599)	659,669	(199,930)	12,233,731
Revaluation reserve - financial investment available-for-sale	501,733	15,599	(517,332)	(501,733)	-
Fair value reserves					
- Debt instruments at fair value through other comprehensive income	-	29,984	(97,871)	(67,887)	(67,887)
- Equity instruments at fair value through other comprehensive income	-	(118,198)	110,770	(7,428)	(7,428)
Own credit risk reserve	-	(4,212)	-	(4,212)	(4,212)
Regulatory reserve	1,208,956	56,728	-	56,728	1,265,684
Cost of hedging reserve	-	55	-	55	55
	14,144,350	(879,643)	155,236	(724,407)	13,419,943

Part B

B1. GROUP PERFORMANCE REVIEW

The Group recorded a net profit RM3,019 million for the nine months period ended 30 September 2018, equivalent to net earnings per share (“EPS”) of 53.72 sen. As compared to net profits of RM3,029 million for the previous corresponding period, the Group’s net profits slightly decreased by 0.3% year-on-year (“Y-o-Y”).

The Group’s nine months revenues were 0.4% higher at RM8,726 million as compared with previous corresponding period of RM8,687 million. Net interest income decreased by 3.3% offset by higher income from Islamic Banking operations. Net-non-interest income decreased by 8.0%, mainly from Wholesale Banking and operating expenses increased by 4.1% to RM4,256 million in 2018 from RM4,088 million in 2017.

For the nine months period ended 30 September 2018, the Group recorded expected credit losses on loans, advances and financing of RM514 million compared to RM782 million in the corresponding period last year, a decrease of RM268 million. This was offset by higher impairment losses on commitments and contingencies and other impairment losses by RM25 million and RM75 million respectively.

The Group’s gross loans, advances and financing increased by 8.1% to RM287.6 billion for the nine months period ended 30 September 2018. As at 30 September 2018, deposits from customers stood at RM306.8 billion, an increase of RM10.9 billion as compared to 31 December 2017.

The Group’s Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 12.000%, 13.049% and 17.193% respectively as at 30 September 2018.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautious on the prospects for the rest of 2018 amidst the continued global trade tensions and market uncertainties. CIMB Malaysia’s growth momentum is expected to track economic growth and market direction. CIMB Singapore’s prospects will be driven by regional economic conditions. CIMB Thai will likely grow in line with its business recalibration initiatives and continued improvement in asset quality.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	1,039,392	977,766	3,018,950	3,028,994
Weighted average number of ordinary shares in issue ('000)	5,760,474	5,367,631	5,619,804	5,310,646
Basic earnings per share (expressed in sen per share)	18.04	18.22	53.72	57.04

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	714,831	792,534	2,147,083	2,398,246
Weighted average number of ordinary shares in issue ('000)	5,760,474	5,367,631	5,619,804	5,310,646
Basic earnings per share (expressed in sen per share)	12.41	14.77	38.21	45.16

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2018 and 30 September 2017.