

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group		Bank	
		31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Assets					
Cash and short term funds	A6	37,965,266	33,341,519	22,269,326	19,642,521
Reverse repurchase agreements		6,107,342	6,484,687	5,310,004	5,000,601
Deposits and placements with banks and other financial institutions	A6	3,700,143	1,194,205	13,196,574	9,227,427
Financial assets at fair value through profit or loss	A7	24,775,817	-	20,031,378	-
Debt instruments at fair value through other comprehensive income	A8	23,588,924	-	18,577,628	-
Equity instruments at fair value through other comprehensive income	A9	619,138	-	604,577	-
Debt instruments at amortised cost	A10	34,276,019	-	28,671,472	-
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	9,389,130	8,370,447	5,833,145	6,062,542
Loans, advances and financing	A14	267,563,640	261,788,709	177,055,932	176,897,036
Other assets	A15	7,405,787	9,372,677	5,794,577	8,132,565
Tax recoverable		17,209	9,246	-	-
Deferred taxation		510,293	333,851	321,780	111,658
Statutory deposits with central banks		8,593,946	8,630,364	6,191,115	6,503,641
Amounts due from holding company and ultimate holding company		63	3,227	63	3,227
Amount due from subsidiaries		-	-	36,813	63,827
Amount due from related companies		1,052,156	1,107,017	1,050,445	1,105,782
Investment in subsidiaries		-	-	6,016,167	6,002,931
Investment in joint venture		170,870	169,688	125,000	125,000
Goodwill		5,170,914	5,177,536	3,555,075	3,555,075
Intangible assets		959,624	1,002,253	834,731	877,706
Prepaid lease payments		394	397	-	-
Property, plant and equipment		794,286	732,387	461,907	396,628
		432,660,961	417,055,642	315,937,709	308,454,399
Non-current assets/disposal groups held for sale		4,199	4,199	-	-
Total Assets		432,665,160	417,059,841	315,937,709	308,454,399
Liabilities					
Deposits from customers	A16	305,619,533	295,900,121	211,959,553	207,442,951
Investment accounts of customers	A17	1,967,292	907,763	-	-
Deposits and placements of banks and other financial institutions	A18	19,063,461	17,101,949	18,096,185	16,164,109
Repurchase agreements		10,116,771	3,318,517	10,116,771	3,318,517
Financial liabilities designated at fair value through profit or loss	A19	5,006,405	4,773,440	1,889,067	1,900,972
Derivative financial instruments	A26	9,449,332	8,728,437	5,989,670	6,523,609
Bills and acceptances payable		1,266,343	1,926,089	503,986	1,086,455
Amount due to subsidiaries		-	-	42,635	12,555
Amount due to related companies		16,654	13,267	12,066	10,308
Other liabilities	A20	10,316,577	12,003,591	8,490,468	10,430,514
Recourse obligation on loans and financing sold to Cagamas		5,036,151	5,195,248	3,119,713	3,122,948
Provision for taxation		87,571	358,462	73,173	300,254
Deferred taxation		-	2,639	-	-
Bonds, Sukuk and debentures		12,918,945	13,263,385	10,623,361	11,204,948
Other borrowings		4,192,470	5,100,684	4,710,029	5,697,728
Subordinated obligations		11,202,489	10,361,318	10,295,619	9,533,891
Total Liabilities		396,259,994	378,954,910	285,922,296	276,749,759
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		17,610,939	17,610,939	17,610,939	17,610,939
Reserves		18,307,196	20,007,741	12,174,734	13,863,961
		35,918,135	37,618,680	29,785,673	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		257,291	256,511	-	-
Total Equity		36,405,166	38,104,931	30,015,413	31,704,640
Total Equity and Liabilities		432,665,160	417,059,841	315,937,709	308,454,399
Commitments and contingencies	A27	939,788,860	854,570,236	588,613,099	557,231,592
Net assets per ordinary share attributable to owners of the Parent (RM)		2.04	2.14	1.69	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 31 MARCH 2018

GROUP	Note	1st Quarter Ended		Three Months Ended	
		31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Interest income	A21	3,297,763	3,213,043	3,297,763	3,213,043
Interest expense	A22	(1,646,268)	(1,518,377)	(1,646,268)	(1,518,377)
Net interest income		1,651,495	1,694,666	1,651,495	1,694,666
Income from Islamic Banking operations	A32(b)	510,037	407,621	510,037	407,621
Net non-interest income	A23	746,656	794,139	746,656	794,139
Net income		2,908,188	2,896,426	2,908,188	2,896,426
Overheads	A24	(1,413,607)	(1,367,317)	(1,413,607)	(1,367,317)
Profit before expected credit losses/allowances		1,494,581	1,529,109	1,494,581	1,529,109
Expected credit losses/allowance for impairment losses on loans, advances and financing	A25(a)	(143,108)	(131,547)	(143,108)	(131,547)
Expected credit losses/allowance for commitments and contingencies		(16,915)	(4,960)	(16,915)	(4,960)
Other expected credit losses/allowance for other impairment losses	A25(b)	(13,674)	(3,148)	(13,674)	(3,148)
		1,320,884	1,389,454	1,320,884	1,389,454
Share of results of joint venture		1,183	2,245	1,183	2,245
Profit before taxation and zakat		1,322,067	1,391,699	1,322,067	1,391,699
Taxation and zakat		(312,814)	(280,898)	(312,814)	(280,898)
Profit for the financial period		1,009,253	1,110,801	1,009,253	1,110,801
Profit for the financial period attributable to:					
Owners of the Parent		1,005,404	1,106,301	1,005,404	1,106,301
Non-controlling interests		3,849	4,500	3,849	4,500
		1,009,253	1,110,801	1,009,253	1,110,801
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	18.16	20.97	18.16	20.97

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 31 MARCH 2018

GROUP	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,009,253	1,110,801	1,009,253	1,110,801
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	79	(670)	79	(670)
- Currency translation difference	79	(670)	79	(670)
Equity instruments at fair value through other comprehensive income	1,553	-	1,553	-
- Net loss from change in fair value	(1,202)	-	(1,202)	-
- Income tax effects	467	-	467	-
- Currency translation difference	2,288	-	2,288	-
	1,632	(670)	1,632	(670)
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	-	148,811	-	148,811
- Net gain from change in fair value	-	178,788	-	178,788
- Realised gain transferred to statement of income on disposal and impairment	-	(11,332)	-	(11,332)
- Income tax effects	-	(15,356)	-	(15,356)
- Currency translation difference	-	(3,289)	-	(3,289)
Debt instruments at fair value through other comprehensive income	(18,034)	-	(18,034)	-
- Net loss from change in fair value	(17,287)	-	(17,287)	-
- Realised gain transferred to statement of income on disposal	(24,741)	-	(24,741)	-
- Changes in expected credit losses	13,286	-	13,286	-
- Income tax effects	13,250	-	13,250	-
- Currency translation difference	(2,542)	-	(2,542)	-
Net investment hedge	217,722	(4,975)	217,722	(4,975)
Cash flow hedge	651	(43)	651	(43)
- Net gain from change in fair value	651	216	651	216
- Income tax effects	-	(259)	-	(259)
Exchange fluctuation reserve	(395,053)	88,084	(395,053)	88,084
Deferred hedging cost	12,817	-	12,817	-
	(181,897)	231,877	(181,897)	231,877
Other comprehensive (expense)/income for the period, net of tax	(180,265)	231,207	(180,265)	231,207
Total comprehensive income for the financial period	828,988	1,342,008	828,988	1,342,008
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	826,247	1,331,368	826,247	1,331,368
Non-controlling interests	2,741	10,640	2,741	10,640
	828,988	1,342,008	828,988	1,342,008

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 31 MARCH 2018

BANK	Note	1st Quarter Ended		Three Months Ended	
		31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Interest income	A21	2,892,868	2,763,792	2,892,868	2,763,792
Interest expense	A22	(1,539,530)	(1,393,415)	(1,539,530)	(1,393,415)
Net interest income		1,353,338	1,370,377	1,353,338	1,370,377
Income from Islamic Banking operations	A32(b)	23,930	39,297	23,930	39,297
Net non-interest income	A23	669,184	671,468	669,184	671,468
Net income		2,046,452	2,081,142	2,046,452	2,081,142
Overheads	A24	(1,001,711)	(980,504)	(1,001,711)	(980,504)
Profit before expected credit losses/allowances		1,044,741	1,100,638	1,044,741	1,100,638
Expected credit losses/allowance for impairment losses on loans, advances and financing	A25(a)	(649)	(13,512)	(649)	(13,512)
Expected credit losses/allowance for commitments and contingencies		(10,567)	(2,222)	(10,567)	(2,222)
Other expected credit losses/allowance for other impairment losses	A25(b)	(13,316)	(825)	(13,316)	(825)
Profit before taxation		1,020,209	1,084,079	1,020,209	1,084,079
Taxation		(238,012)	(223,398)	(238,012)	(223,398)
Profit for the financial period		782,197	860,681	782,197	860,681
Earnings per share - basic (sen)	B3	14.13	16.31	14.13	16.31

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 31 MARCH 2018

BANK	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Profit for the financial period	782,197	860,681	782,197	860,681
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Equity instruments at fair value through other comprehensive income	2,066	-	2,066	-
- Net loss from change in fair value	(415)	-	(415)	-
- Income tax effects	312	-	312	-
- Currency translation difference	2,169	-	2,169	-
	2,066	-	2,066	-
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	-	135,725	-	135,725
- Net gain from change in fair value	-	158,144	-	158,144
- Realised gain transferred to statement of income on disposal and impairment	-	(10,285)	-	(10,285)
- Income tax effects	-	(11,546)	-	(11,546)
- Currency translation difference	-	(588)	-	(588)
Debt instruments at fair value through other comprehensive income	(19,923)	-	(19,923)	-
- Net loss from change in fair value	(21,725)	-	(21,725)	-
- Realised gain transferred to statement of income on disposal	(20,863)	-	(20,863)	-
- Changes in expected credit losses	11,864	-	11,864	-
- Income tax effects	13,344	-	13,344	-
- Currency translation difference	(2,543)	-	(2,543)	-
Loans, advances and financing at fair value through other comprehensive income	-	-	-	-
- Net gain from change in fair value	-	-	-	-
- Realised gain transferred to statement of income on disposal and impairment	-	-	-	-
- Income tax effects	-	-	-	-
Net investment hedge	203,555	(8,330)	203,555	(8,330)
Cash flow hedge	651	(43)	651	(43)
- Net gain from change in fair value	651	216	651	216
- Income tax effects	-	(259)	-	(259)
Exchange fluctuation reserve	(303,926)	4,086	(303,926)	4,086
Deferred hedging cost	14,937	-	14,937	-
	(104,706)	131,438	(104,706)	131,438
Other comprehensive (expense)/income for the period, net of tax	(102,640)	131,438	(102,640)	131,438
Total comprehensive income for the financial period	679,557	992,119	679,557	992,119

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 31 MARCH 2018

The Group	Attributable to owners of the Parent																			
	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	Revaluation 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	Regulatory 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 Jan 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	-	-	-	-	(69,881)	(33,188)	(500,464)	-	-	-	55	11,092	(4,212)	-	-	(283,768)	(880,366)	-	(1,961)	(882,327)
1 Jan 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,005,404	1,005,404	-	3,849	1,009,253
Other comprehensive (expenses)/income (net of tax)	-	-	-	(393,619)	(18,083)	1,582	-	-	-	218,373	12,817	-	-	(306)	79	(179,157)	-	-	(1,108)	(180,265)
- debt instruments at fair value through other comprehensive income	-	-	-	-	(18,083)	-	-	-	-	-	-	-	-	-	-	-	(18,083)	-	49	(18,034)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,582	-	-	-	-	-	-	-	-	-	-	-	-	(29)	1,553
- net investment hedge	-	-	-	-	-	-	-	-	-	217,722	-	-	-	-	-	-	-	-	-	217,722
- cash flow hedge	-	-	-	-	-	-	-	-	-	651	-	-	-	-	-	-	-	-	-	651
- currency translation difference	-	-	-	(393,619)	-	-	-	-	-	-	-	-	-	-	-	(306)	-	-	(1,128)	(395,053)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	-	-	-	79
- deferred hedging cost	-	-	-	-	-	-	-	-	-	-	12,817	-	-	-	-	-	-	-	-	12,817
Total comprehensive (expenses)/income for the financial period	-	-	-	(393,619)	(18,083)	1,582	-	-	-	218,373	12,817	-	-	(306)	79	1,005,404	826,247	-	2,741	828,988
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	62,456	-	-	-	(62,456)	-	-	-	-
Transfer to statutory reserve	-	-	32	-	-	-	-	-	-	-	-	-	-	-	-	(32)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	12,300	-	-	12,300	-	-	12,300
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	-	(1,627,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,173)	-	(31,173)	-	-	-	(31,173)
At 31 Mar 2018	17,610,939	29,740	49,973	1,382,645	(87,964)	(31,606)	-	(1,085,928)	735,457	(920,728)	12,872	1,574,104	(4,212)	24,459	(17,453)	16,675,577	35,947,875	200,000	257,291	36,405,166

The Group	Attributable to owners of the Parent																	
	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	Total Equity RM'000	
At 1 Jan 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	-	-	-	-	-	-	-	-	-	-	-	-	1,106,301	1,106,301	-	4,500	1,110,801	
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	82,363	148,033	-	-	(5,018)	-	359	(670)	-	225,067	-	6,140	231,207	
- financial investments available-for-sale	-	-	-	-	-	148,033	-	-	-	-	-	-	-	148,033	-	778	148,811	
- net investment hedge	-	-	-	-	-	-	-	(4,975)	-	-	-	-	-	(4,975)	-	-	(4,975)	
- cash flow hedge	-	-	-	-	-	-	-	(43)	-	-	-	-	-	(43)	-	-	(43)	
- currency translation difference	-	-	-	-	82,363	-	-	-	-	-	359	-	-	82,722	-	5,362	88,084	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(670)	-	(670)	-	-	(670)	
Total comprehensive income/(expenses) for the financial period	-	-	-	-	82,363	148,033	-	-	(5,018)	-	359	(670)	1,106,301	1,331,368	-	10,640	1,342,008	
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	(78,273)	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	78,273	-	-	-	(78,273)	-	-	-	-	
Share-based payment expense	-	-	-	-	-	-	-	-	-	9,182	-	-	9,182	-	-	-	9,182	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(23,071)	-	-	(23,071)	-	-	-	(23,071)	
At 31 Mar 2017	16,186,711	29,740	-	6,762,769	2,554,376	342,809	(1,085,928)	735,457	(1,516,305)	1,397,797	22,966	(26,272)	10,201,978	35,606,098	200,000	414,515	36,220,613	

* 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 31 MARCH 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 Jan 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	-	-	-	(67,887)	(7,428)	(501,733)	-	-	-	55	56,728	(4,212)	-	(199,930)	-	(724,407)
1 Jan 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	-	-	-	-	-	-	-	-	-	-	-	-	-	782,197	-	782,197
Other comprehensive (expenses)/income (net of tax)	-	-	(303,643)	(19,923)	2,066	-	-	-	204,206	14,937	-	-	(283)	-	-	(102,640)
- debt instruments at fair value through other comprehensive income	-	-	-	(19,923)	-	-	-	-	-	-	-	-	-	-	-	(19,923)
- equity instruments at fair value through other comprehensive income	-	-	-	-	2,066	-	-	-	-	-	-	-	-	-	-	2,066
- net investment hedge	-	-	-	-	-	-	-	-	203,555	-	-	-	-	-	-	203,555
- cash flow hedge	-	-	-	-	-	-	-	-	651	-	-	-	-	-	-	651
- currency translation difference	-	-	(303,643)	-	-	-	-	-	-	-	-	-	(283)	-	-	(303,926)
- deferred hedging cost	-	-	-	-	-	-	-	-	-	14,937	-	-	-	-	-	14,937
Total comprehensive (expenses)/income for the financial period	-	-	(303,643)	(19,923)	2,066	-	-	204,206	14,937	-	-	(283)	782,197	-	-	679,557
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	7,385	-	-	(7,385)	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	11,127	-	-	-	11,127
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	-	-	(1,627,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(27,951)	-	-	-	(27,951)
At 31 Mar 2018	17,610,939	29,740	348,522	(87,810)	(5,362)	-	(1,047,872)	746,852	(466,157)	14,992	1,273,069	(4,212)	21,722	11,380,990	200,000	30,015,413

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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 Jan 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	-	-	-	-	-	-	-	-	-	-	-	860,681	-	860,681
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	3,833	135,725	-	-	(8,373)	-	253	-	-	131,438
- financial investments available-for-sale	-	-	-	-	-	135,725	-	-	-	-	-	-	-	135,725
- net investment hedge	-	-	-	-	-	-	-	-	(8,330)	-	-	-	-	(8,330)
- cash flow hedge	-	-	-	-	-	-	-	-	(43)	-	-	-	-	(43)
- currency translation difference	-	-	-	-	3,833	-	-	-	-	-	253	-	-	4,086
Total comprehensive income/(expenses) for the financial period	-	-	-	-	3,833	135,725	-	-	(8,373)	-	253	860,681	-	992,119
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	59,443	-	(59,443)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	8,310	-	-	8,310
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(22,622)	-	-	(22,622)
At 31 Mar 2017	16,186,711	29,740	-	5,806,237	1,176,500	380,559	(1,047,872)	746,852	(1,021,678)	1,177,623	18,090	6,005,702	200,000	29,658,464

* 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 new Companies Act 2016. 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, 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 31 MARCH 2018

	Group		Bank	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	1,322,067	1,391,699	1,020,209	1,084,079
Adjustments for non-operating and non-cash items	(668,464)	46,113	(843,676)	(29,852)
Operating profit before changes in working capital	653,603	1,437,812	176,533	1,054,227
Net changes in operating assets	(9,181,474)	(9,984,728)	(5,018,520)	(7,741,139)
Net changes in operating liabilities	17,491,444	17,583,653	11,563,217	14,109,193
	8,309,970	7,598,925	6,544,697	6,368,054
Cash flows generated from operations	8,963,573	9,036,737	6,721,230	7,422,281
Taxation paid	(328,682)	(260,887)	(240,930)	(217,537)
Net cash flows generated from operating activities	8,634,891	8,775,850	6,480,300	7,204,744
Net cash flows used in investing activities	(1,256,453)	(348,051)	(973,660)	(65,308)
Net cash flows (used in)/generated from financing activities	(2,071,904)	4,744,331	(2,282,398)	5,534,851
Net increase in cash and cash equivalents	5,306,534	13,172,130	3,224,242	12,674,287
Effects of exchange rate changes	(682,787)	(134,270)	(597,437)	(121,179)
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	37,965,266	31,658,170	22,269,326	22,911,111

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 31 March 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
 - Amendments to MFRS 128
- 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.

PART A - EXPLANATORY NOTES

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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 RM27 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 RM18.6 million.

g) 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.

f) 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.

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.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 March 2018 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

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

As at 31 March 2018, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM190,000 and RM646,000 for the Group and RM178,000 and RM422,000 for the Bank. The 12-month expected credit losses written-back in the income statements of the Group and the Bank during the financial period amounting to RM735,000 and RM892,000, respectively.

A7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	586,672	-	586,672	-
Cagamas bonds	364,769	-	319,227	-
Malaysian Government treasury bills	223,879	-	223,879	-
Bank Negara Malaysia Monetary Notes	410,455	-	299,776	-
Bankers' acceptance	71,319	-	71,319	-
Negotiable instruments of deposit	6,602,705	-	4,330,388	-
Other Government securities	3,183,798	-	1,579,128	-
Government Investment Issues	602,103	-	157,571	-
Other Government treasury bills	5,194,555	-	5,194,555	-
Commercial papers	39,976	-	39,976	-
	<u>17,280,231</u>	<u>-</u>	<u>12,802,491</u>	<u>-</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	709,775	-	709,775	-
<u>Outside Malaysia</u>				
Shares	177,132	-	177,132	-
	<u>886,907</u>	<u>-</u>	<u>886,907</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	801,724	-	790,459	-
Corporate bond and Sukuk	2,396,765	-	2,297,211	-
<u>Outside Malaysia</u>				
Corporate bond	3,018,456	-	2,862,576	-
Private equity and unit trusts funds	391,734	-	391,734	-
	<u>6,608,679</u>	<u>-</u>	<u>6,341,980</u>	<u>-</u>
	<u>24,775,817</u>	<u>-</u>	<u>20,031,378</u>	<u>-</u>

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	380,775	-	380,775	-
Cagamas bonds	168,113	-	162,539	-
Khazanah bonds	128,775	-	128,775	-
Other government treasury bills	73,795	-	73,795	-
Other government securities	1,020,814	-	947,320	-
Negotiable instruments of deposit	431,903	-	431,903	-
Government investment issues	980,544	-	322,542	-
Commercial papers	154,657	-	94,830	-
	<u>3,339,376</u>	<u>-</u>	<u>2,542,479</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	11,773,456	-	11,704,316	-
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	8,476,092	-	4,330,833	-
	<u>20,249,548</u>	<u>-</u>	<u>16,035,149</u>	<u>-</u>
	<u>23,588,924</u>	<u>-</u>	<u>18,577,628</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.

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 Jan 2018	-	-	-	-
Effect of adopting MFRS 9	20,486	4,050	133,306	157,842
Adjusted 1 Jan 2018	20,486	4,050	133,306	157,842
Changes in expected credit losses due to transferred within stages:	(26)	26	-	-
Transferred to Stage 2	(26)	26	-	-
Total charge to Income Statement:	7,649	4,320	1,317	13,286
New financial assets purchased	10,998	-	-	10,998
Financial assets that have been derecognised	(1,002)	-	-	(1,002)
Change in credit risk	(2,347)	4,320	1,317	3,290
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(488)	(1)	(1,064)	(1,553)
At 31 Mar 2018	27,621	8,395	67,880	103,896

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 Jan 2018	-	-	-	-
Effect of adopting MFRS 9	19,376	3,888	133,306	156,570
Adjusted 1 Jan 2018	19,376	3,888	133,306	156,570
Changes in expected credit losses due to transferred within stages:	(26)	26	-	-
Transferred to Stage 2	(26)	26	-	-
Total charge to Income Statement:	6,218	4,329	1,317	11,864
New financial assets purchased	8,230	-	-	8,230
Financial assets that have been derecognised	(440)	-	-	(440)
Change in credit risk	(1,572)	4,329	1,317	4,074
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(483)	-	(1,064)	(1,547)
At 31 Mar 2018	25,085	8,243	67,880	101,208

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:

Group	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 Jan 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 Jan 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Exchange fluctuation	(1,260)	(1,260)
At 31 Mar 2018	73,776	73,776

Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 Jan 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 Jan 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Exchange fluctuation	(1,260)	(1,260)
At 31 Mar 2018	73,776	73,776

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Quoted securities:				
<u>In Malaysia</u>				
Shares	99	-	99	-
<u>Outside Malaysia</u>				
Shares	3,747	-	-	-
Unit trusts	5,514	-	-	-
	<u>9,360</u>	<u>-</u>	<u>99</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	170,095	-	169,459	-
Perpetual corporate bonds	330,718	-	330,718	-
<u>Outside Malaysia</u>				
Shares	4,635	-	147	-
Private equity and unit trusts funds	104,330	-	104,154	-
	<u>609,778</u>	<u>-</u>	<u>604,478</u>	<u>-</u>
	<u>619,138</u>	<u>-</u>	<u>604,577</u>	<u>-</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	2,847,604	-	2,847,604	-
Cagamas bonds	182,213	-	182,213	-
Other Government treasury bills	2,289,999	-	2,289,999	-
Other Government's securities	1,048,243	-	635,623	-
Malaysian Government Investment Issue	8,413,726	-	6,847,851	-
Khazanah bonds	443,597	-	430,935	-
	<u>15,225,382</u>	<u>-</u>	<u>13,234,225</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	16,085,174	-	13,067,478	-
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,944,370	-	2,315,720	-
	<u>19,029,544</u>	<u>-</u>	<u>15,383,198</u>	<u>-</u>
Amortisation of premium net of accretion of discount	50,018	-	75,399	-
Less : Expected credit losses	(28,925)	-	(21,350)	-
	<u>34,276,019</u>	<u>-</u>	<u>28,671,472</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:

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 Jan 2018	-	-	-	-
Effect of adopting MFRS 9	9,604	9,876	7,180	26,660
Adjusted 1 Jan 2018	9,604	9,876	7,180	26,660
Total charge to Income Statement:	2,764	(465)	-	2,299
New financial assets purchased	4,932	-	-	4,932
Financial assets that have been derecognised	(136)	-	-	(136)
Change in credit risk	(2,032)	(465)	-	(2,497)
Exchange fluctuation	(34)	-	-	(34)
At 31 Mar 2018	12,334	9,411	7,180	28,925

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 Jan 2018	-	-	-	-
Effect of adopting MFRS 9	9,186	9,876	-	19,062
Adjusted 1 Jan 2018	9,186	9,876	-	19,062
Total charge to Income Statement:	2,786	(465)	-	2,321
New financial assets purchased	4,662	-	-	4,662
Financial assets that have been derecognised	(115)	-	-	(115)
Change in credit risk	(1,761)	(465)	-	(2,226)
Exchange fluctuation	(33)	-	-	(33)
At 31 Mar 2018	11,939	9,411	-	21,350

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

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 Jan 2018	-	-
Effect of adoption of MFRS 9	7,180	7,180
Adjusted 1 Jan 2018/ 31 Mar 2018	7,180	7,180

PART A - EXPLANATORY NOTES (CONTINUED)**A11. FINANCIAL ASSETS HELD FOR TRADING**

	Group 31 Dec 2017 RM'000	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**

	Group 31 Dec 2017 RM'000	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**

	Group 31 Dec 2017 RM'000	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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	5,126,450	5,311,225	3,375,931	3,517,690
Term loans/financing				
- Housing loan/financing	81,262,511	79,878,492	57,466,945	57,140,575
- Syndicated term loan	15,213,566	16,393,012	13,523,852	14,198,497
- Other term loans/financing	102,272,394	99,087,551	59,678,529	59,695,032
- Factoring receivables	38,582	13,225	-	-
- Lease receivables	11,889	53,534	-	-
- Hire purchase receivables	18,355,016	18,164,036	8,285,723	8,647,871
Bills receivable	9,984,000	9,556,193	6,371,048	5,539,051
Trust receipts	1,697,007	1,764,126	800,441	831,995
Claim on customers under acceptance credit	3,765,265	3,788,108	2,981,054	2,932,626
Staff loans *	856,886	850,565	681,677	665,962
Credit card receivables	6,892,383	7,131,703	6,726,169	6,948,533
Revolving credit	25,416,244	23,060,060	19,281,906	18,495,219
Share margin financing	829,777	888,736	828,390	884,999
Gross loans, advances and financing, at amortised cost	271,721,970	265,940,566	180,001,665	179,498,050
<i>At fair value through profit or loss</i>				
- Syndicated term loan	888,643	-	397,080	-
- Other term loans/financing	35,367	-	-	-
Gross loans, advances and financing, at fair value through profit or loss	924,010	-	397,080	-
Total Gross loans, advances and financing	272,645,980	265,940,566	180,398,745	179,498,050
Fair value changes arising from fair value hedges	65,933	86,537	10,093	16,664
	272,711,913	266,027,103	180,408,838	179,514,714
Less: Expected credit losses/Allowance for impairment losses				
<i>At amortised cost:</i>				
- Expected credit losses on loans, advances and financing	(5,148,273)	-	(3,352,906)	-
- Individual portfolio impairment allowance	-	(2,464,883)	-	(1,643,137)
- Portfolio impairment allowance	-	(1,773,511)	-	(974,541)
	(5,148,273)	(4,238,394)	(3,352,906)	(2,617,678)
Total net loans, advances and financing	267,563,640	261,788,709	177,055,932	176,897,036

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM4,765,183 (2017: RM2,266,054) and RM3,519,481 (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 RM38,738,000 (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 RM4,214,293,000 (2017: RM4,271,223,000) and RM524,946,000 (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 31 March 2018, the gross carrying amount relating to RPSIA financing are RM6,856,534,000 (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 RM11,443,000 (2017: portfolio impairment allowance of RM10,248,000) respectively.

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(ii) By type of customers				
Domestic banking institutions	389,327	17,862	4,707	3,229
Domestic non-bank financial institutions				
- stockbroking companies	17,710	102,604	5,326	2,577
- others	4,123,387	3,887,681	1,230,213	666,710
Domestic business enterprises				
- small medium enterprises	32,123,512	29,561,239	20,504,862	20,322,676
- others	37,286,134	35,998,187	19,512,515	18,708,366
Government and statutory bodies	10,265,928	10,018,671	2,979,518	2,957,994
Individuals	148,020,589	146,342,101	96,814,751	97,918,586
Other domestic entities	603,791	635,922	80,726	124,210
Foreign entities	39,815,602	39,376,299	39,266,127	38,793,702
Gross loans, advances and financing	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,471,163	2,478,211	1,649,089	1,743,059
- Hire purchase receivables	11,945,322	11,684,042	3,521,954	3,642,314
- Other fixed rate loans	28,698,821	28,386,772	14,884,896	15,025,664
Variable rate				
- BLR plus	94,721,208	96,542,767	76,207,011	78,059,603
- Cost-plus	46,038,605	42,362,558	30,030,437	29,202,156
- Other variable rates	88,770,861	84,486,216	54,105,358	51,825,254
Gross loans, advances and financing	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>
(iv) By economic purpose				
Personal use	11,883,829	11,819,834	6,897,404	6,789,901
Credit cards	6,892,383	7,131,703	6,726,169	6,948,533
Purchase of consumer durables	87,749	90,220	70,325	72,270
Construction	12,120,005	10,097,252	7,477,307	6,655,321
Residential property (housing)	84,060,197	82,658,252	59,827,809	59,494,093
Non-residential property	25,726,263	24,905,360	20,859,945	20,719,538
Purchase of fixed assets other than land and buildings	2,060,038	2,027,745	1,584,964	1,559,519
Mergers and acquisitions	1,905,801	2,241,907	1,885,427	2,239,170
Purchase of securities	26,364,684	25,094,414	15,059,623	16,064,629
Purchase of transport vehicles	19,053,621	18,967,461	8,631,004	9,012,765
Working capital	56,021,372	56,027,510	36,561,555	36,455,314
Other purposes	26,470,038	24,878,908	14,817,213	13,486,997
Gross loans, advances and financing	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(v) By geographical distribution				
Malaysia	195,174,298	189,113,107	131,230,335	131,033,519
Indonesia	2,612,241	2,874,078	2,612,241	2,874,078
Thailand	30,129,619	29,932,977	3,456,437	3,671,229
Singapore	26,258,189	26,364,326	26,258,189	26,364,324
United Kingdom	3,789,510	3,886,601	3,789,510	3,886,601
Hong Kong	1,972,105	2,292,034	1,972,105	2,292,034
China	6,260,621	4,496,128	6,260,621	4,496,128
Other countries	6,449,397	6,981,315	4,819,307	4,880,137
Gross loans, advances and financing	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>
(vi) By economic sector				
Primary agriculture	6,731,755	6,766,869	4,662,019	4,675,464
Mining and quarrying	6,034,264	6,238,566	3,925,089	4,054,472
Manufacturing	13,827,870	13,746,358	8,218,528	8,114,894
Electricity, gas and water supply	2,566,808	2,696,029	1,023,338	1,124,954
Construction	11,145,442	10,521,534	8,663,741	9,004,862
Transport, storage and communications	10,529,221	9,248,727	6,725,049	6,509,755
Education, health and others	14,353,149	14,366,795	6,015,546	6,389,897
Wholesale and retail trade, and restaurants and hotels	20,014,465	19,521,762	14,944,485	14,350,356
Finance, insurance/takaful, real estate and business activities	34,980,726	32,399,730	24,933,559	23,185,444
Household	150,003,046	148,128,764	99,303,695	100,253,517
Others	2,459,234	2,305,432	1,983,696	1,834,435
	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>
(vii) By residual contractual maturity				
Within one year	58,931,560	55,434,164	41,367,729	39,198,055
One year to less than three years	26,079,932	25,862,291	16,111,461	16,713,943
Three years to less than five years	22,781,980	21,999,991	14,346,072	14,386,062
Five years and more	164,852,508	162,644,120	108,573,483	109,199,990
Gross loans, advances and financing	<u>272,645,980</u>	<u>265,940,566</u>	<u>180,398,745</u>	<u>179,498,050</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(viii) Credit impaired / impaired loans, advances and financing by economic purpose				
Personal use	232,479	218,357	122,929	126,474
Credit cards	123,268	120,180	114,219	114,100
Purchase of consumer durables	407	342	4	4
Construction	1,375,902	1,385,487	1,131,935	1,129,708
Residential property (housing)	1,125,630	1,045,612	681,196	699,830
Non-residential property	237,659	234,801	164,887	170,065
Purchase of fixed assets other than land and buildings	6,429	6,267	6,316	6,267
Purchase of securities	132,386	133,309	129,890	131,939
Purchase of transport vehicles	270,368	281,753	134,328	145,244
Working capital	1,920,336	1,849,581	1,214,588	1,232,546
Merger and acquisition	151,293	152,701	151,293	152,701
Other purposes	771,083	759,709	17,983	21,680
Gross credit impaired / impaired loans, advances and financing	<u>6,347,240</u>	<u>6,188,099</u>	<u>3,869,568</u>	<u>3,930,558</u>
(ix) Credit impaired / impaired loans, advances and financing by geographical distribution				
Malaysia	3,246,574	3,224,042	2,822,083	2,841,864
Indonesia	146,418	157,615	146,418	157,615
Thailand	1,984,942	1,806,331	-	-
Singapore	696,500	710,639	696,498	710,639
United Kingdom	4,176	7,499	4,176	7,499
China	22,222	23,234	22,222	23,234
Other countries	246,408	258,739	178,171	189,707
Gross credit impaired / impaired loans, advances and financing	<u>6,347,240</u>	<u>6,188,099</u>	<u>3,869,568</u>	<u>3,930,558</u>
(x) Credit impaired/impaired loans, advances and financing by economic sector				
Primary agriculture	51,151	48,999	40,991	42,690
Mining and quarrying	596,548	623,392	593,843	620,801
Manufacturing	1,062,384	1,022,989	166,047	158,491
Electricity, gas and water supply	569	551	569	551
Construction	159,269	131,036	121,288	117,765
Transport, storage and communications	1,212,885	1,260,635	1,144,268	1,189,900
Education, health and others	176,840	176,065	103,607	104,110
Wholesale and retail trade, and restaurants and hotels	784,484	745,857	379,698	373,073
Finance, insurance/takaful, real estate and business activities	472,948	436,013	209,417	182,686
Household	1,346,341	1,735,452	1,105,596	1,135,779
Others	483,821	7,110	4,244	4,712
Gross credit impaired / impaired loans, advances and financing	<u>6,347,240</u>	<u>6,188,099</u>	<u>3,869,568</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:

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 Jan 2018	-	-	-	-	2,464,883	1,773,511	4,238,394
Effect of adopting MFRS 9	1,029,242	764,377	3,358,756	7,561	(2,464,883)	(1,773,511)	921,542
Adjusted 1 Jan 2018	1,029,242	764,377	3,358,756	7,561	-	-	5,159,936
Changes in expected credit losses due to transferred within stages:	309,023	(290,371)	(18,652)	-	-	-	-
Transferred to Stage 1	400,076	(298,437)	(101,639)	-	-	-	-
Transferred to Stage 2	(76,636)	162,344	(85,708)	-	-	-	-
Transferred to Stage 3	(14,417)	(154,278)	168,695	-	-	-	-
Total charge to Income Statement:	(229,248)	158,811	315,278	(3,109)	-	-	241,732
New financial assets originated	169,331	1,390	23,264	-	-	-	193,985
Financial assets that have been derecognised	(90,947)	(63,653)	-	-	-	-	(154,600)
Writeback in respect of full recoveries	-	-	(38,289)	-	-	-	(38,289)
Change in credit risk	(307,632)	221,074	330,303	(3,109)	-	-	240,636
Write-offs	(996)	(42)	(226,945)	-	-	-	(227,983)
Exchange fluctuation	(9,542)	(2,334)	(25,205)	(20)	-	-	(37,101)
Other movements	(1,659)	9,740	3,608	-	-	-	11,689
At 31 Mar 2018	1,096,820	640,181	3,406,840	4,432	-	-	5,148,273

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 Jan 2018	-	-	-	-	1,643,137	974,541	2,617,678
Effect of adopting MFRS 9	709,770	479,295	2,239,192	-	(1,643,137)	(974,541)	810,579
Adjusted 1 Jan 2018	709,770	479,295	2,239,192	-	-	-	3,428,257
Changes in expected credit losses due to transferred within stages:	219,583	(177,754)	(41,829)	-	-	-	-
Transferred to Stage 1	277,539	(203,956)	(73,583)	-	-	-	-
Transferred to Stage 2	(46,297)	109,972	(63,675)	-	-	-	-
Transferred to Stage 3	(11,659)	(83,770)	95,429	-	-	-	-
Total charge to Income Statement:	(172,975)	102,926	125,507	-	-	-	55,458
New financial assets originated	94,212	13	9,215	-	-	-	103,440
Financial assets that have been derecognised	(45,057)	(53,480)	-	-	-	-	(98,537)
Writeback in respect of full recoveries	-	-	(12,841)	-	-	-	(12,841)
Change in credit risk	(222,130)	156,393	129,133	-	-	-	63,396
Write-offs	(405)	-	(111,383)	-	-	-	(111,788)
Exchange fluctuation	(7,918)	(1,482)	(20,116)	-	-	-	(29,516)
Other movements	(1,599)	9,740	2,354	-	-	-	10,495
At 31 Mar 2018	746,456	412,725	2,193,725	-	-	-	3,352,906

Bank	CIMB Islamic Bank
31 Mar 2018	31 Mar 2018

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

1.0%	1.0%
------	------

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)

	Group RM'000	Bank RM'000
<u>Individual impairment allowance</u>		
At 1 Jan 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 Dec 2017	2,464,883	1,643,137
<u>Portfolio impairment allowance</u>		
At 1 Jan 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 Dec 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)

	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 Jan 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	450,591	-	-	450,591
New financial assets originated	28,292	-	-	28,292
Write-offs	(227,315)	-	-	(227,315)
Amount fully recovered	(73,360)	-	-	(73,360)
Other changes in loans, advances and financing	(93,013)	(44)	-	(93,057)
Exchange fluctuation	(48,807)	(43)	-	(48,850)
At 31 Mar 2018	6,337,896	9,344	-	6,347,240

	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 Jan 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	158,439	-	-	158,439
New financial assets originated	9,512	-	-	9,512
Write-offs	(111,755)	-	-	(111,755)
Amount fully recovered	(37,887)	-	-	(37,887)
Other changes in loans, advances and financing	(39,660)	-	-	(39,660)
Exchange fluctuation	(39,639)	-	-	(39,639)
At 31 Mar 2018	3,869,568	-	-	3,869,568

	Group 31 Mar 2018	Bank 31 Mar 2018
Ratio of credit impaired loans to total loans, advances and financing	2.33%	2.15%

PART A - EXPLANATORY NOTES (CONTINUED)

A14. LOANS, ADVANCES AND FINANCING (CONTINUED)

Impaired loans under MFRS 139:

	Group 31 Dec 2017 RM'000	Bank 31 Dec 2017 RM'000
At 1 Jan 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 Dec 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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Foreclosed properties	104,359	105,549	-	-
Structured financing	1,383,111	1,393,843	1,383,111	1,393,843
Collateral pledged for derivative transactions	2,740,287	2,881,523	1,988,452	2,451,770
Collateral for securities borrowing	9,827	65,702	9,827	65,702
Other debtors, deposits and prepayments	3,168,203	4,926,060	2,413,187	4,221,250
	<u>7,405,787</u>	<u>9,372,677</u>	<u>5,794,577</u>	<u>8,132,565</u>

A16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(i) By type of deposit				
Demand deposits	68,485,566	66,164,099	52,716,898	53,684,177
Saving deposits	30,209,792	29,843,398	20,150,832	19,188,667
Fixed deposits	128,776,531	128,087,555	95,925,308	95,172,815
Negotiable instruments of deposit	250,608	845,652	-	-
Others	77,897,036	70,959,417	43,166,515	39,397,292
	<u>305,619,533</u>	<u>295,900,121</u>	<u>211,959,553</u>	<u>207,442,951</u>

(ii) By type of customer

Government and statutory bodies	14,665,321	12,138,585	7,874,424	7,810,065
Business enterprises	119,382,751	114,310,971	83,568,110	80,482,589
Individuals	113,614,039	113,251,760	84,572,685	84,205,501
Others	57,957,422	56,198,805	35,944,334	34,944,796
	<u>305,619,533</u>	<u>295,900,121</u>	<u>211,959,553</u>	<u>207,442,951</u>

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

Due within six months	104,882,391	107,590,616	79,308,712	80,981,870
Six months to less than one year	22,837,982	20,232,288	15,599,315	13,370,391
One year to less than three years	1,162,545	678,297	908,777	424,298
Three years to less than five years	144,221	431,773	108,504	396,023
Five years and more	-	233	-	233
	<u>129,027,139</u>	<u>128,933,207</u>	<u>95,925,308</u>	<u>95,172,815</u>

A17. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Unrestricted investment accounts	1,967,292	907,763	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Licensed banks	15,566,011	13,937,480	16,496,239	14,838,683
Licensed finance companies	1,022,854	1,223,313	105,706	92,360
Licensed investment banks	119,360	39,379	72,582	39,039
Bank Negara Malaysia	27,216	6,176	27,216	6,176
Other financial institutions	2,328,020	1,895,601	1,394,442	1,187,851
	19,063,461	17,101,949	18,096,185	16,164,109

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

	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Due within six months	18,142,743	16,245,477	17,276,146	15,364,639
Six months to less than one year	819,811	755,408	719,763	699,038
One year to less than three years	100,907	632	100,276	-
Three years to less than five years	-	100,432	-	100,432
	19,063,461	17,101,949	18,096,185	16,164,109

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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Deposits from customers - structured investments	1,889,067	1,903,205	1,889,067	1,900,972
Debentures	824,316	650,016	-	-
Bills payable	2,293,022	2,220,219	-	-
	5,006,405	4,773,440	1,889,067	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 MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 March 2018 were RM228,468,000 (2017: RM282,365,000) and RM228,468,000 (2017: RM282,355,000) respectively lower than the contractual amount at maturity for the structured investments, RM19,286,000 (2017: RM18,142,000) lower than the contractual amount at maturity for the debentures and RM310,972,000 (2017: RM345,801,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A20. OTHER LIABILITIES

	Note	Group		Bank	
		31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Due to brokers and clients		78,317	145,699	78,317	145,699
Accrued employee benefits		20,160	31,192	19,694	19,527
Post employment benefit obligations		261,194	209,381	85,119	33,697
Sundry creditors		1,565,545	3,818,974	1,467,644	3,465,349
Expenditure payable		1,131,137	1,326,778	915,601	1,052,999
Collateral for securities lending		65,401	72,023	65,401	72,023
Expected credit losses/Allowance for commitments and contingencies	A20 (a)	448,347	49,095	308,876	-
Provision for legal claims		69,368	71,924	41,759	42,038
Credit card expenditure payable		136,447	126,512	130,751	126,512
Collateral received for derivative transactions		1,814,610	1,626,637	917,170	1,156,847
Structured deposits		4,170,555	3,942,352	4,130,126	3,901,570
Others		555,496	583,024	330,010	414,253
		10,316,577	12,003,591	8,490,468	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:

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 Jan 2018	-	-	-	49,095	49,095
Effect of adopting MFRS 9	293,878	35,933	104,212	(49,095)	384,928
Adjusted 1 Jan 2018	293,878	35,933	104,212	-	434,023
Changes in expected credit losses due to transferred within stages:	35,988	(18,141)	(17,847)	-	-
Transferred to Stage 1	41,185	(22,065)	(19,120)	-	-
Transferred to Stage 2	(4,208)	6,555	(2,347)	-	-
Transferred to Stage 3	(989)	(2,631)	3,620	-	-
Total charge to Income Statement:	(26,598)	30,652	12,861	-	16,915
New exposures	24,195	233	(4)	-	24,424
Exposures derecognised or matured	(21,599)	(2,157)	(5,470)	-	(29,226)
Change in credit risk	(29,194)	32,576	18,335	-	21,717
Exchange fluctuation	(1,005)	(76)	(280)	-	(1,361)
Other movements	(1,062)	(195)	27	-	(1,230)
At 31 Mar 2018	301,201	48,173	98,973	-	448,347

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 Jan 2018	-	-	-	-	-
Effect of adopting MFRS 9	221,937	31,740	46,568	-	300,245
Adjusted 1 Jan 2018	221,937	31,740	46,568	-	300,245
Changes in expected credit losses due to transferred within stages:	35,381	(17,449)	(17,932)	-	-
Transferred to Stage 1	40,074	(20,992)	(19,082)	-	-
Transferred to Stage 2	(3,704)	5,988	(2,284)	-	-
Transferred to Stage 3	(989)	(2,445)	3,434	-	-
Total charge to Income Statement:	(27,980)	30,755	7,792	-	10,567
New exposures	104	-	-	-	104
Exposures derecognised or matured	(12,472)	(1,729)	(5,222)	-	(19,423)
Change in credit risk	(15,612)	32,484	13,014	-	29,886
Exchange fluctuation	(653)	(69)	(2)	-	(724)
Other movements	(1,145)	(75)	8	-	(1,212)
At 31 Mar 2018	227,540	44,902	36,434	-	308,876

As at 31 March 2018, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM585,743,000 and RM518,827,000 respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. INTEREST INCOME

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Group				
Loans and advances				
- interest income	2,499,892	2,537,893	2,499,892	2,537,893
- unwinding income [^]	27,031	16,501	27,031	16,501
Money at call and deposits with financial institutions	153,862	121,210	153,862	121,210
Reverse repurchase agreements	35,397	30,112	35,397	30,112
Financial assets at fair value through profit or loss	107,202	-	107,202	-
Debt instruments at fair value through other comprehensive income	187,075	-	187,075	-
Debt instruments at amortised cost	268,197	-	268,197	-
Equity instruments at fair value through other comprehensive income	6,892	-	6,892	-
Financial assets held for trading	-	82,852	-	82,852
Financial investments available-for-sale	-	194,104	-	194,104
Financial investments held-to-maturity	-	239,000	-	239,000
	3,285,548	3,221,672	3,285,548	3,221,672
Net accretion of discount less amortisation of premium	12,215	(8,629)	12,215	(8,629)
	3,297,763	3,213,043	3,297,763	3,213,043
Bank				
Loans and advances				
- interest income	2,060,365	2,097,770	2,060,365	2,097,770
- unwinding income [^]	20,543	12,440	20,543	12,440
Money at call and deposits with financial institutions	222,935	150,192	222,935	150,192
Reverse repurchase agreements	31,896	26,708	31,896	26,708
Financial assets at fair value through profit or loss	95,958	-	95,958	-
Debt instruments at fair value through other comprehensive income	171,641	-	171,641	-
Debt instruments at amortised cost	264,333	-	264,333	-
Equity instruments at fair value through other comprehensive income	6,892	-	6,892	-
Financial assets held for trading	-	76,807	-	76,807
Financial investments available-for-sale	-	170,192	-	170,192
Financial investments held-to-maturity	-	229,040	-	229,040
	2,874,563	2,763,149	2,874,563	2,763,149
Net accretion of discount less amortisation of premium	18,305	643	18,305	643
	2,892,868	2,763,792	2,892,868	2,763,792

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

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Group				
Deposits and placements of banks and other financial institutions	70,445	73,579	70,445	73,579
Deposits from other customers	1,178,466	1,129,528	1,178,466	1,129,528
Repurchase agreements	46,398	24,411	46,398	24,411
Financial liabilities designated at fair value through profit or loss	28,909	30,636	28,909	30,636
Negotiable certificates of deposits	18,522	35,655	18,522	35,655
Recourse obligation on loan and financing sold to Cagamas	30,640	29,763	30,640	29,763
Bonds, Sukuk and debentures	90,287	36,694	90,287	36,694
Subordinated obligations	125,666	125,627	125,666	125,627
Other borrowings	33,622	19,170	33,622	19,170
Structured deposits	23,313	13,314	23,313	13,314
	1,646,268	1,518,377	1,646,268	1,518,377
Bank				
Deposits and placements of banks and other financial institutions	64,649	67,768	64,649	67,768
Deposits from other customers	1,102,974	1,040,503	1,102,974	1,040,503
Repurchase agreements	46,358	24,270	46,358	24,270
Financial liabilities designated at fair value through profit or loss	18,753	19,300	18,753	19,300
Negotiable certificates of deposits	17,548	34,388	17,548	34,388
Recourse obligation on loan and financing sold to Cagamas	30,640	29,763	30,640	29,763
Bonds and debentures	78,485	35,456	78,485	35,456
Subordinated obligations	117,991	113,229	117,991	113,229
Other borrowings	38,819	15,424	38,819	15,424
Structured deposits	23,313	13,314	23,313	13,314
	1,539,530	1,393,415	1,539,530	1,393,415

PART A - EXPLANATORY NOTES (CONTINUED)

A23. NET NON-INTEREST INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Net fee and commission income				
Commissions	212,342	107,063	212,342	107,063
Fee on loans and advances	122,090	124,247	122,090	124,247
Service charges and fees	114,206	132,797	114,206	132,797
Guarantee fees	12,748	17,047	12,748	17,047
Other fee income	110,046	58,608	110,046	58,608
Fee and commission income	571,432	439,762	571,432	439,762
Fee and commission expense	(131,575)	(95,711)	(131,575)	(95,711)
Net fee and commission income	439,857	344,051	439,857	344,051
Gross dividend income from:				
Financial assets at fair value through profit or loss	3,452	-	3,452	-
Equity instruments at fair value through other comprehensive income	968	-	968	-
Financial assets held for trading	-	1,814	-	1,814
Financial investments available-for-sale	-	2,229	-	2,229
	4,420	4,043	4,420	4,043
Net loss arising from financial assets at fair value through profit or loss				
- realised	124,069	-	124,069	-
- unrealised	(391,933)	-	(391,933)	-
	(267,864)	-	(267,864)	-
Net loss arising from derivative financial instrument				
- realised	(670,514)	374,668	(670,514)	374,668
- unrealised	645,170	(531,026)	645,170	(531,026)
	(25,344)	(156,358)	(25,344)	(156,358)
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss				
- realised	(8,956)	(7,744)	(8,956)	(7,744)
- unrealised	27,639	(15,147)	27,639	(15,147)
	18,683	(22,891)	18,683	(22,891)
Net (loss)/gain arising from hedging activities	(14,994)	5,843	(14,994)	5,843
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	22,766	-	22,766	-
Net gain arising from financial assets held for trading:				
- realised	-	46,014	-	46,014
- unrealised	-	315,015	-	315,015
	-	361,029	-	361,029
Net gain from sale of financial investments available-for-sale	-	10,685	-	10,685
Other non-interest income				
Foreign exchange gain	563,245	201,405	563,245	201,405
Rental income	1,692	1,907	1,692	1,907
Gain on disposal of property, plant and equipment/assets held for sale	9,925	4,630	9,925	4,630
Loss on disposal of foreclosed properties	(20,879)	(2,989)	(20,879)	(2,989)
Others	15,149	42,784	15,149	42,784
	569,132	247,737	569,132	247,737
	746,656	794,139	746,656	794,139

PART A - EXPLANATORY NOTES (CONTINUED)

A23. NET NON-INTEREST INCOME (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Bank				
Net fee and commission income				
Commissions	198,553	84,389	198,553	84,389
Fee on loans and advances	120,491	122,837	120,491	122,837
Service charges and fees	115,492	112,264	115,492	112,264
Guarantee fees	10,205	14,280	10,205	14,280
Other fee income	58,482	45,008	58,482	45,008
Fee and commission income	503,223	378,778	503,223	378,778
Fee and commission expense	(122,717)	(89,534)	(122,717)	(89,534)
Net fee and commission income	380,506	289,244	380,506	289,244
Gross dividend income from:				
Financial assets at fair value through profit or loss	3,268	-	3,268	-
Equity instruments at fair value through other comprehensive income	950	-	950	-
Financial assets held for trading	-	1,814	-	1,814
Financial investments available-for-sale	-	2,000	-	2,000
	4,218	3,814	4,218	3,814
Net loss arising from financial assets at fair value through profit or loss				
- realised	134,958	-	134,958	-
- unrealised	(383,530)	-	(383,530)	-
	(248,572)	-	(248,572)	-
Net loss arising from derivative financial instrument				
- realised	(718,620)	353,581	(718,620)	353,581
- unrealised	627,180	(629,912)	627,180	(629,912)
	(91,440)	(276,331)	(91,440)	(276,331)
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	(1,303)	(3,718)	(1,303)	(3,718)
- unrealised	(7,011)	(1,665)	(7,011)	(1,665)
	(8,314)	(5,383)	(8,314)	(5,383)
Net (loss)/gain arising from hedging activities	(13,441)	5,791	(13,441)	5,791
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	20,863	-	20,863	-
Net gain arising from financial assets held for trading				
- realised	-	45,492	-	45,492
- unrealised	-	297,979	-	297,979
	-	343,471	-	343,471
Net gain from sale of financial investments available-for-sale	-	10,285	-	10,285
Other non-interest income				
Foreign exchange gain	606,114	286,879	606,114	286,879
Rental income	1,050	1,358	1,050	1,358
Gain on disposal of property, plant and equipment/assets held for sale	9,100	3,344	9,100	3,344
Others	9,100	8,996	9,100	8,996
	625,364	300,577	625,364	300,577
	669,184	671,468	669,184	671,468

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

Group	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Personnel costs				
- Salaries, allowances and bonuses	697,098	631,397	697,098	631,397
- Pension costs (defined contribution plan)	73,499	65,072	73,499	65,072
- Pension costs (defined benefit plan)	4,896	6,876	4,896	6,876
- Overtime	3,842	4,507	3,842	4,507
- Staff incentives and other staff payments	46,863	32,965	46,863	32,965
- Medical expenses	22,481	21,339	22,481	21,339
- Others	15,966	18,083	15,966	18,083
	864,645	780,239	864,645	780,239
Establishment costs				
- Depreciation of property, plant and equipment	44,637	46,838	44,637	46,838
- Amortisation of prepaid lease payments	3	-	3	-
- Rental	77,783	75,623	77,783	75,623
- Amortisation of intangible assets	55,906	48,257	55,906	48,257
- Repair and maintenance	85,372	88,864	85,372	88,864
- Outsourced services	17,144	24,584	17,144	24,584
- Security expenses	19,597	26,063	19,597	26,063
- Others	21,767	21,146	21,767	21,146
	322,209	331,375	322,209	331,375
Marketing expenses				
- Sales commission	994	1,501	994	1,501
- Advertisement	27,894	33,862	27,894	33,862
- Others	8,080	5,287	8,080	5,287
	36,968	40,650	36,968	40,650
Administration and general expenses				
- Communication	5,457	6,442	5,457	6,442
- Consultancy and professional fees	11,425	12,947	11,425	12,947
- Legal expenses	2,106	16,645	2,106	16,645
- Stationery	6,484	7,830	6,484	7,830
- Postages	11,580	12,172	11,580	12,172
- Administrative travelling and vehicle expenses	9,616	9,810	9,616	9,810
- Incidental expenses on banking operations	12,595	9,719	12,595	9,719
- Insurance	42,339	44,679	42,339	44,679
- Others	73,167	84,389	73,167	84,389
	174,769	204,633	174,769	204,633
Shared service cost	15,016	10,420	15,016	10,420
	1,413,607	1,367,317	1,413,607	1,367,317

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	557,939	496,661	557,939	496,661
- Pension costs (defined contribution plan)	67,278	59,482	67,278	59,482
- Overtime	2,460	3,082	2,460	3,082
- Staff incentives and other staff payments	33,082	26,191	33,082	26,191
- Medical expenses	21,267	19,904	21,267	19,904
- Others	5,942	8,789	5,942	8,789
	687,968	614,109	687,968	614,109
Establishment costs				
- Depreciation of property, plant and equipment	34,734	34,658	34,734	34,658
- Rental	64,391	63,471	64,391	63,471
- Amortisation of intangible assets	50,172	42,672	50,172	42,672
- Repair and maintenance	77,917	81,636	77,917	81,636
- Outsourced services	15,991	22,894	15,991	22,894
- Security expenses	19,629	25,772	19,629	25,772
- Others	16,199	15,562	16,199	15,562
	279,033	286,665	279,033	286,665
Marketing expenses				
- Sales commission	358	299	358	299
- Advertisement	25,764	31,340	25,764	31,340
- Others	7,510	4,689	7,510	4,689
	33,632	36,328	33,632	36,328
Administration and general expenses				
- Communication	4,056	4,622	4,056	4,622
- Consultancy and professional fees	10,741	11,056	10,741	11,056
- Legal expenses	252	13,467	252	13,467
- Stationery	4,696	5,523	4,696	5,523
- Postages	9,515	9,621	9,515	9,621
- Administrative travelling and vehicle expenses	7,121	7,463	7,121	7,463
- Incidental expenses on banking operations	8,509	6,690	8,509	6,690
- Insurance	9,368	9,970	9,368	9,970
- Others	55,949	73,582	55,949	73,582
	110,207	141,994	110,207	141,994
Shared service cost	(109,129)	(98,592)	(109,129)	(98,592)
	1,001,711	980,504	1,001,711	980,504

PART A - EXPLANATORY NOTES (CONTINUED)

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Group				
Expected credit losses/allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	241,732	-	241,732	-
- Individual impairment allowance	-	32,796	-	32,796
- Portfolio impairment allowance	-	180,382	-	180,382
Credit impaired / Impaired loans, advances and financing:				
- recovered	(102,618)	(87,064)	(102,618)	(87,064)
- written off	3,994	5,433	3,994	5,433
	<u>143,108</u>	<u>131,547</u>	<u>143,108</u>	<u>131,547</u>
Bank				
Expected credit losses/allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	55,458	-	55,458	-
- Individual impairment allowance (written-back)	-	(22,120)	-	(22,120)
- Portfolio impairment allowance	-	79,053	-	79,053
Credit impaired / Impaired loans, advances and financing:				
- recovered	(57,831)	(47,521)	(57,831)	(47,521)
- written off	3,022	4,100	3,022	4,100
	<u>649</u>	<u>13,512</u>	<u>649</u>	<u>13,512</u>

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

	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Group				
Expected credit losses made/(written-back) on:				
- Debt instrument at fair value through other comprehensive income	13,286	-	13,286	-
- Debt instrument at amortised cost	2,299	-	2,299	-
- Money at call and deposits and placements with banks and other financial institutions	(735)	-	(735)	-
- Other receivables	(1,176)	-	(1,176)	-
	<u>13,674</u>	<u>-</u>	<u>13,674</u>	<u>-</u>
Allowance made/(written-back) on:				
- Financial investments available-for-sale	-	6	-	6
- Other receivables	-	3,142	-	3,142
	<u>-</u>	<u>3,148</u>	<u>-</u>	<u>3,148</u>
Bank				
Expected credit losses made/(written-back) on:				
- Debt instrument at fair value through other comprehensive income	11,864	-	11,864	-
- Debt instrument at amortised cost	2,321	-	2,321	-
- Money at call and deposits and placements with banks and other financial institutions	(892)	-	(892)	-
- Other receivables	23	-	23	-
	<u>13,316</u>	<u>-</u>	<u>13,316</u>	<u>-</u>
Allowance made/(written-back) on:				
- Financial investments available-for-sale	-	6	-	6
- Other receivables	-	819	-	819
	<u>-</u>	<u>825</u>	<u>-</u>	<u>825</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 31 Mar 2018	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	29,357,313	516,553	(878,065)	22,918,505	426,419	(746,750)
- less than one year	23,634,927	366,229	(633,733)	18,324,224	299,809	(501,961)
- one year to three years	4,578,957	141,874	(146,481)	3,729,999	120,740	(141,786)
- more than three years	1,143,429	8,450	(97,851)	864,282	5,870	(103,003)
Currency swaps	241,302,174	2,406,222	(2,440,165)	103,756,197	615,599	(863,582)
- less than one year	238,488,255	2,312,693	(2,427,335)	102,733,044	609,298	(851,813)
- one year to three years	2,329,603	50,270	(5,976)	873,287	6,272	(4,915)
- more than three years	484,316	43,259	(6,854)	149,866	29	(6,854)
Currency spots	4,403,319	6,420	(4,341)	3,305,610	5,243	(3,292)
- less than one year	4,403,319	6,420	(4,341)	3,305,610	5,243	(3,292)
Currency options	23,249,820	276,151	(285,692)	22,709,808	263,088	(274,600)
- less than one year	20,408,269	136,666	(128,012)	20,279,206	134,578	(127,895)
- one year to three years	1,582,514	44,274	(44,288)	1,171,565	33,299	(33,313)
- more than three years	1,259,037	95,211	(113,392)	1,259,037	95,211	(113,392)
Cross currency interest rate swaps	61,822,305	2,854,973	(2,772,545)	35,734,608	2,024,909	(1,825,600)
- less than one year	15,194,460	357,905	(591,483)	8,302,022	393,371	(626,441)
- one year to three years	19,326,376	1,087,068	(800,317)	12,344,913	715,671	(412,474)
- more than three years	27,301,469	1,410,000	(1,380,745)	15,087,673	915,867	(786,685)
	360,134,931	6,060,319	(6,380,808)	188,424,728	3,335,258	(3,713,824)
<u>Interest rate derivatives</u>						
Interest rate swaps	409,997,809	2,519,130	(1,790,553)	255,213,710	1,621,812	(1,217,758)
- less than one year	136,901,679	309,331	(284,971)	73,761,911	230,039	(206,516)
- one year to three years	143,704,127	852,429	(622,309)	102,458,701	695,842	(461,719)
- more than three years	129,392,003	1,357,370	(883,273)	78,993,098	695,931	(549,523)
Interest rate futures	8,979,032	19,552	(27,828)	8,979,032	19,552	(27,828)
- less than one year	8,554,239	19,545	(27,573)	8,554,239	19,545	(27,573)
- one year to three years	424,793	7	(255)	424,793	7	(255)
Interest rate options	433,466	-	(6,506)	866,814	6,510	(6,510)
- less than one year	433,348	-	(5,733)	866,696	6,510	(6,510)
- more than three years	118	-	(773)	118	-	-
	419,410,307	2,538,682	(1,824,887)	265,059,556	1,647,874	(1,252,096)
<u>Equity related derivatives</u>						
Equity swaps	803,729	1,678	(1,569)	803,729	1,678	(1,569)
- less than one year	6,481	-	(137)	6,481	-	(137)
- more than three years	797,248	1,678	(1,432)	797,248	1,678	(1,432)
Equity options	12,361,054	40,289	(80,708)	12,371,496	40,929	(81,348)
- less than one year	5,211,851	14,099	(55,401)	5,222,293	14,739	(56,041)
- one year to three years	7,036,542	26,053	(25,170)	7,036,542	26,053	(25,170)
- more than three years	112,661	137	(137)	112,661	137	(137)
Equity futures	148,706	493	(323)	148,706	493	(323)
- less than one year	148,706	493	(323)	148,706	493	(323)
	13,313,489	42,460	(82,600)	13,323,931	43,100	(83,240)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 Mar 2018	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,071,841	195,939	(273,455)	2,071,841	195,939	(273,455)
- less than one year	1,785,827	184,939	(212,380)	1,785,827	184,939	(212,380)
- one year to three years	284,894	11,000	(61,026)	284,894	11,000	(61,026)
- more than three years	1,120	-	(49)	1,120	-	(49)
Commodity futures	1,293,763	87,253	(19,333)	1,293,763	87,253	(19,333)
- less than one year	1,293,763	87,253	(19,333)	1,293,763	87,253	(19,333)
Commodity options	3,093,160	156,782	(162,753)	3,093,160	156,782	(162,753)
- less than one year	3,009,066	156,747	(162,718)	3,009,066	156,747	(162,718)
- one year to three years	84,094	35	(35)	84,094	35	(35)
	6,458,764	439,974	(455,541)	6,458,764	439,974	(455,541)
<u>Credit related contract</u>						
Credit default swaps	3,014,656	31,932	(15,997)	3,013,941	31,871	(15,969)
- less than one year	38,618	94	-	38,618	94	-
- one year to three years	266,843	1,129	(562)	266,843	1,129	(562)
- more than three years	2,709,195	30,709	(15,435)	2,708,480	30,648	(15,407)
Total return swaps	821,656	10,654	(8,397)	821,656	10,654	(8,397)
- less than one year	521,336	3,525	(878)	521,336	3,525	(878)
- one year to three years	158,610	4,323	(4,323)	158,610	4,323	(4,323)
- more than three years	141,710	2,806	(3,196)	141,710	2,806	(3,196)
Credit Spread Option	15,447	-	(663)	15,447	-	(663)
- less than one year	15,447	-	(663)	15,447	-	(663)
	3,851,759	42,586	(25,057)	3,851,044	42,525	(25,029)
<u>Bond contract</u>						
Bond forward	1,545,520	16,622	(7,530)	149,349	524	(275)
- less than one year	264,520	2,599	(109)	29,349	-	(109)
- one year to three years	600,304	4,000	(4,135)	-	-	-
- more than three years	680,696	10,023	(3,286)	120,000	524	(166)
<u>Hedging derivatives</u>						
Currency swaps	6,370,854	98,396	(232,591)	3,176,095	73,869	(18,620)
- less than one year	3,176,095	73,869	(18,620)	3,176,095	73,869	(18,620)
- one year to three years	880,746	-	(107,461)	-	-	-
- more than three years	2,314,013	24,527	(106,510)	-	-	-
Cross currency interest rate swaps	1,480,905	15,041	(53,159)	1,480,905	15,041	(53,809)
- less than one year	135,579	2,050	-	135,579	2,050	-
- one year to three years	915,259	12,991	(48,818)	915,259	12,991	(48,818)
- more than three years	430,067	-	(4,341)	430,067	-	(4,991)
Interest rate swaps	26,049,144	135,050	(387,159)	29,407,385	234,980	(387,236)
- less than one year	1,557,541	758	(17,026)	1,832,786	3,946	(17,026)
- one year to three years	6,922,073	35,063	(102,014)	10,197,073	131,805	(102,014)
- more than three years	17,569,530	99,229	(268,119)	17,377,526	99,229	(268,196)
Total derivatives assets/(liabilities)	838,615,673	9,389,130	(9,449,332)	511,331,757	5,833,145	(5,989,670)

PART A - EXPLANATORY NOTES (CONTINUED)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 Dec 2017	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<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 Dec 2017	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>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 31 March 2018, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM9,389,130,000 and RM5,833,145,000 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 31 March 2018, the Group and the Bank has posted cash collateral of RM2,740,287,000 and RM1,988,452,000 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	31 Mar 2018	31 Dec 2017
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,861,139	3,940,359
Transaction-related contingent items	7,991,195	6,116,543
Short-term self-liquidating trade-related contingencies	2,058,182	3,767,991
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	55,279,894	53,995,802
- maturity exceeding one year	29,915,787	29,784,625
Miscellaneous commitments and contingencies	2,066,990	1,018,887
Total credit-related commitments and contingencies	101,173,187	98,624,207
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	305,440,904	251,994,211
- one year to five years	48,325,528	44,562,752
- more than five years	14,220,258	14,842,855
	367,986,690	311,399,818
Interest rate related contracts :		
- less than one year	147,446,807	134,545,018
- one year to five years	238,445,310	229,115,266
- more than five years	59,567,334	57,596,377
	445,459,451	421,256,661
Equity related contracts:		
- less than one year	5,367,038	4,526,201
- one year to five years	7,153,042	6,026,266
- more than five years	793,409	876,769
	13,313,489	11,429,236
Credit related contracts:		
- less than one year	575,401	348,152
- one year to five years	1,996,691	1,902,674
- more than five years	1,279,667	964,229
	3,851,759	3,215,055
Commodity related contracts:		
- less than one year	6,088,656	7,066,786
- one year to five years	370,108	407,823
	6,458,764	7,474,609
Bond contracts:		
- less than one year	264,520	198,939
- one year to five years	1,161,000	851,711
- more than five years	120,000	120,000
	1,545,520	1,170,650
Total treasury-related commitments and contingencies	838,615,673	755,946,029
	939,788,860	854,570,236

PART A - EXPLANATORY NOTES (CONTINUED)

A27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	31 Mar 2018	31 Dec 2017
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,342,289	3,359,900
Transaction-related contingent items	6,059,298	4,175,910
Short-term self-liquidating trade-related contingencies	1,370,652	3,106,689
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	42,216,331	43,044,596
- maturity exceeding one year	23,091,876	22,815,345
Miscellaneous commitments and contingencies	1,200,896	809,871
Total credit-related commitments and contingencies	<u>77,281,342</u>	<u>77,312,311</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	156,255,780	126,934,815
- one year to five years	31,279,962	28,742,848
- more than five years	5,545,986	6,733,320
	193,081,728	162,410,983
Interest rate related contracts :		
- less than one year	85,015,632	85,801,208
- one year to five years	175,810,448	175,535,269
- more than five years	33,640,861	33,959,533
	294,466,941	295,296,010
Equity related contracts:		
- less than one year	5,377,480	4,533,052
- one year to five years	7,153,042	6,026,266
- more than five years	793,409	876,769
	13,323,931	11,436,087
Credit related contracts:		
- less than one year	575,401	348,152
- one year to five years	1,996,691	1,902,674
- more than five years	1,278,952	962,468
	3,851,044	3,213,294
Commodity related contracts:		
- less than one year	6,088,656	7,035,084
- one year to five years	370,108	407,823
	6,458,764	7,442,907
Bond contracts:		
- less than one year	29,349	-
- more than five years	120,000	120,000
	149,349	120,000
Total treasury-related commitments and contingencies	<u>511,331,757</u>	<u>479,919,281</u>
	<u>588,613,099</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.

31 March 2018 - Basel III

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

	The Group RM'000	The Bank* RM'000
Common equity tier 1 ratio	11.500%	10.703%
Tier 1 ratio	12.588%	12.089%
Total capital ratio	16.719%	16.711%

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2017. 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 RM'000	The Bank* RM'000
Credit risk	198,529,115	139,183,877
Market risk	14,891,113	11,042,836
Large exposure risk requirements	744,594	744,594
Operational risk	20,101,910	14,508,884
Total risk-weighted assets	234,266,732	165,480,191

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY (CONTINUED)

31 March 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	17,610,938	17,610,939
Other reserves	17,364,279 #	11,420,956 #
Qualifying non-controlling interests	175,999	-
Common Equity Tier I capital before regulatory adjustments	<u>35,151,216</u>	<u>29,031,895</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,170,914)	(3,555,075)
Intangible assets	(911,518)	(792,510)
Deferred tax assets	(558,399)	(364,576)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,339,114)
Regulatory reserve	(1,574,105)	(1,273,069)
Others	3,668	3,668
Common Equity Tier I capital after regulatory adjustments	<u>26,939,948</u>	<u>17,711,219</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	36,075	-
	<u>2,560,795</u>	<u>2,524,720</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(10,303)	(230,303)
Additional Tier I capital after regulatory adjustments	<u>2,550,492</u>	<u>2,294,417</u>
Total Tier I capital	<u>29,490,440</u>	<u>20,005,636</u>
Tier II capital		
Subordinated notes	7,750,000	7,750,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	457,714	-
Surplus eligible provisions over expected loss	777,305	712,002
General provisions ^	662,817	256,460
Tier II capital before regulatory adjustments	<u>9,677,576</u>	<u>8,748,202</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(1,099,620)
Total Tier II capital	<u>9,677,576</u>	<u>7,648,582</u>
Total capital	<u>39,168,016</u>	<u>27,654,218</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 I ratio	13.291%	11.998%	N/A	N/A
Tier I ratio	13.885%	11.998%	N/A	N/A
Total capital ratio	<u>16.552%</u>	<u>17.278%</u>	<u>17.919%</u>	<u>318.649%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. CAPITAL ADEQUACY (CONTINUED)

31 Dec 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	<u>19,782,736</u>	<u>14,330,500</u>
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	<u>30,301</u>	<u>-</u>
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	(2,641)	(178,641)
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 Dec 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
Less: Regulatory adjustments		
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.

^ The capital base of the Group and the Bank has excluded general provisions/portfolio impairment allowance from Tier II capital of RM219 million (2017: RM165 million) and RM200 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.

Includes the proposed single tier second interim dividend of RM1,628 million in respect of the financial year ended 31 December 2017 which was paid on 22 March 2018.

PART A - EXPLANATORY NOTES (CONTINUED)

A29. LEVERAGE RATIO

The leverage ratio framework applicable to the Malaysian banking entities is based on BNM Leverage Ratio issued on 8 December 2017, which comes into effect on 1 January 2018.

31 March 2018

	Group	Bank*
Leverage ratio	<u>6.35%</u>	<u>5.89%</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)****Group**
31 Mar 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	1,135,265	173,135	256,833	86,418	(156)	1,651,495
- inter-segment	(175,072)	59,698	84,362	31,012	-	-
	960,193	232,833	341,195	117,430	(156)	1,651,495
Income from Islamic Banking operations	231,361	55,810	204,050	18,816	-	510,037
Net non-interest income	407,204	78,928	237,010	4,937	18,577	746,656
Net income	1,598,758	367,571	782,255	141,183	18,421	2,908,188
Overheads	(784,007)	(163,504)	(395,971)	(52,339)	(17,786)	(1,413,607)
of which:						
Depreciation of property, plant and equipment	(38,735)	(664)	(2,938)	(2,300)	-	(44,637)
Amortisation of intangible assets	(43,015)	(424)	(6,774)	(5,693)	-	(55,906)
Profit before allowances	814,751	204,067	386,284	88,844	635	1,494,581
Expected credit losses on loans, advances and financing	(55,098)	(69,188)	(18,714)	(108)	-	(143,108)
Expected credit losses for commitments and contingencies (made)/written-back	(13,557)	4,295	(7,792)	139	-	(16,915)
Other expected credit losses (made)/ written-back	-	-	(5,624)	(9,227)	1,177	(13,674)
Segment result	746,096	139,174	354,154	79,648	1,812	1,320,884
Share of results of joint venture	1,183	-	-	-	-	1,183
Taxation						(312,814)
Profit for the financial period						1,009,253

PART A - EXPLANATORY NOTES (CONTINUED)**A30. SEGMENTAL REPORT (CONTINUED)****Group****31 Mar 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	1,171,802	174,799	220,338	130,853	(3,126)	1,694,666
- inter-segment	(249,803)	47,917	202,437	(551)	-	-
	921,999	222,716	422,775	130,302	(3,126)	1,694,666
Income from Islamic Banking operations	201,128	41,562	129,135	35,796	-	407,621
Net non-interest income/(expense)	314,512	101,420	349,945	20,342	7,920	794,139
Net income	1,437,639	365,698	901,855	186,440	4,794	2,896,426
Overheads	(743,268)	(169,630)	(383,265)	(58,082)	(13,072)	(1,367,317)
of which:						
Depreciation of property, plant and equipment	(39,179)	(1,101)	(4,726)	(1,832)	-	(46,838)
Amortisation of intangible assets	(37,703)	(455)	(4,900)	(5,199)	-	(48,257)
Profit before allowances	694,371	196,068	518,590	128,358	(8,278)	1,529,109
Allowances for impairment losses on loans, advances and financing (made)/written-back	(103,769)	(84,472)	56,694	-	-	(131,547)
Allowances for other impairment losses	-	(6)	-	-	(3,142)	(3,148)
Allowances for commitments and contingencies	-	(2,738)	(2,222)	-	-	(4,960)
Segment result	590,602	108,852	573,062	128,358	(11,420)	1,389,454
Share of results of joint venture	2,245	-	-	-	-	2,245
Taxation						(280,898)
Profit for the financial period						1,110,801

PART A - EXPLANATORY NOTES (CONTINUED)

A30. SEGMENTAL REPORT (CONTINUED)

Group

31 Mar 2018

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	156,597,356	32,549,447	208,772,309	24,002,038	421,921,150
Unallocated assets					10,744,010
Total assets					432,665,160
Segment liabilities	139,823,986	34,086,197	201,871,657	13,915,130	389,696,970
Unallocated liabilities					6,563,024
Total liabilities					396,259,994
Other segment items					
Capital expenditure	133,662	2,222	10,906	8,626	155,416
Investment in joint venture	170,870	-	-	-	170,870

Group

31 Dec 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	
31 Mar 2018					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	17,280,231	-	17,280,231	-	17,280,231
-Quoted securities	886,907	886,907	-	-	886,907
-Unquoted securities	6,608,679	-	5,415,221	1,193,458	6,608,679
Debt instruments at fair value through other comprehensive income					
-Money market instruments	3,339,376	-	3,339,376	-	3,339,376
-Unquoted securities	20,249,548	-	20,249,548	-	20,249,548
Equity instruments at fair value through other comprehensive income					
-Quoted securities	9,360	9,360	-	-	9,360
-Unquoted securities	609,778	-	330,718	279,060	609,778
Derivative financial instruments					
-Trading derivatives	9,140,643	108,949	8,997,364	34,330	9,140,643
-Hedging derivatives	248,487	-	248,487	-	248,487
Non-financial assets					
Non-current assets/disposal groups held for sale	4,199	-	4,199	-	4,199
Total	58,377,208	1,005,216	55,865,144	1,506,848	58,377,208
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	8,776,423	123,200	8,650,038	3,185	8,776,423
- Hedging derivatives	672,909	-	672,909	-	672,909
Financial liabilities designated at fair values through profit or loss					
	5,006,405	-	4,609,941	396,464	5,006,405
Total	14,455,737	123,200	13,932,888	399,649	14,455,737

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
31 Dec 2017					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
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	The Bank				Total
	Carrying amount	Level 1	Level 2	Level 3	
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	12,802,491	-	12,802,491	-	12,802,491
-Quoted securities	886,907	886,907	-	-	886,907
-Unquoted securities	6,341,980	-	5,159,787	1,182,193	6,341,980
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,542,479	-	2,542,479	-	2,542,479
-Unquoted securities	16,035,149	-	16,035,149	-	16,035,149
Equity instruments at fair value through other comprehensive income					
-Quoted securities	99	99	-	-	99
-Unquoted securities	604,478	-	330,718	273,760	604,478
Derivative financial instruments					
-Trading derivatives	5,509,255	108,949	5,360,919	39,387	5,509,255
-Hedging derivatives	323,890	-	323,890	-	323,890
Total	45,046,728	995,955	42,555,433	1,495,340	45,046,728
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	5,530,005	123,200	5,396,312	10,493	5,530,005
-Hedging derivatives	459,665	-	459,665	-	459,665
Financial liabilities designated at fair values through profit or loss					
	1,889,067	-	1,492,603	396,464	1,889,067
Total	7,878,737	123,200	7,348,580	406,957	7,878,737

The Bank	Fair Value				Total
	Carrying amount	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 31 March 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 Jan	-	-	-	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Effect of adopting MFRS 9 on 1 Jan 2018	1,211,452	1,503	283,119	(164,243)	(1,331,831)	-	-	-	-	-
Adjusted 1 Jan	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	7,491	-	-	-	-	44,935	52,426	(9,624)	(7,485)	(17,109)
Total gains recognised in other comprehensive income	-	-	843	-	-	-	843	-	-	-
Purchases	275	-	290	-	-	(13,732)	(13,167)	(25,602)	-	(25,602)
Sales and redemptions	(6,257)	(1,502)	-	-	-	-	(7,759)	-	-	-
Settlements	-	-	-	-	-	(52,479)	(52,479)	55,421	6,079	61,500
Exchange fluctuation	(19,503)	(1)	(5,192)	-	-	(790)	(25,486)	724	-	724
At 31 Mar	1,193,458	-	279,060	-	-	34,330	1,506,848	(3,185)	(396,464)	(399,649)
Total gains/(losses) recognised in statement of income for financial period ended 31 March 2018 under:										
- net non-interest income	7,491	-	-	-	-	44,935	52,426	(9,624)	(2,838)	(12,462)
- interest expense	-	-	-	-	-	-	-	-	(4,647)	(4,647)
Total gains recognised in other comprehensive income for financial period ended 31 March 2018 under "revaluation reserves"	-	-	843	-	-	-	843	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 March 2018 under "net non-interest income"	7,778	-	-	-	-	39,441	47,219	8,530	(4,647)	3,883
The Bank										
2018										
At 1 Jan	-	-	-	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Effect of adopting MFRS 9 on 1 Jan 2018	1,200,187	-	277,851	(164,243)	(1,313,795)	-	-	-	-	-
Adjusted 1 Jan	1,200,187	-	277,851	-	-	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income	7,491	-	-	-	-	49,992	57,483	(7,608)	(7,485)	(15,093)
Total gains recognised in other comprehensive income	-	-	872	-	-	-	872	-	-	-
Purchases	275	-	200	-	-	(13,732)	(13,257)	(25,602)	-	(25,602)
Sales and redemptions	(6,257)	-	-	-	-	-	(6,257)	-	-	-
Settlements	-	-	-	-	-	(52,479)	(52,479)	53,591	6,079	59,670
Exchange fluctuation	(19,503)	-	(5,163)	-	-	(790)	(25,456)	724	-	724
At 31 Mar	1,182,193	-	273,760	-	-	39,387	1,495,340	(10,493)	(396,464)	(406,957)
Total gains/(losses) recognised in statement of income for financial period ended 31 March 2018 under:										
- net non-interest income	7,491	-	-	-	-	49,992	57,483	(7,608)	(2,838)	(10,446)
- interest expense	-	-	-	-	-	-	-	-	(4,647)	(4,647)
Total gains recognised in other comprehensive income for financial period ended 31 March 2018 under "revaluation reserves"	-	-	872	-	-	-	872	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 March 2018 under "net non-interest income"	7,778	-	-	-	-	42,017	49,795	11,165	(4,647)	6,518

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 31 March 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		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total RM'000
The Group							
2017							
At 1 Jan	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 Dec	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
	Financial Assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	Total RM'000
The Bank							
2017							
At 1 Jan	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 Dec	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 31 MARCH 2018

	Note	Group		Bank	
		31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Assets					
Cash and short-term funds		16,192,296	13,976,616	1,870,145	1,817,616
Deposits and placements with banks and other financial institutions		300,849	1,411,098	468,258	1,418,303
Financial assets at fair value through profit or loss		3,370,871	-	395,647	-
Debt instruments at fair value through other comprehensive income		2,645,236	-	412,287	-
Equity instruments at fair value through other comprehensive income		690	-	-	-
Debt Instruments at amortised cost		5,120,516	-	221,072	-
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		729,127	653,828	45,856	19,521
Financing, advances and other financing/loans	A32c	69,474,885	62,984,440	6,190,570	5,433,031
Other assets		622,260	915,820	123,380	311,730
Deferred taxation		16,047	17,794	-	-
Amount due from conventional operations		1,314,491	1,278,436	-	-
Amount due from related companies		494,657	1,215,664	494,290	1,215,250
Statutory deposits with Bank Negara Malaysia		1,882,409	1,554,286	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		75,959	79,149	46	58
Property, plant and equipment		5,108	6,038	1	7
Total assets		102,381,401	95,120,960	10,221,552	11,226,052
Liabilities					
Deposits from customers	A32d	74,649,101	68,915,949	4,372,506	4,186,971
Investment accounts of customers	A32e	1,967,292	907,763	-	-
Deposits and placements of banks and other financial institutions		2,743,379	1,880,964	2,266,707	2,381,667
Investment accounts due to designated financial institutions	A32f	9,242,374	8,145,684	-	-
Financial liabilities designated at fair value through profit or loss	A32g	-	2,234	-	-
Islamic derivative financial instruments		804,681	701,912	41,562	9,152
Other liabilities		3,148,864	3,777,163	2,793,585	3,157,681
Recourse obligation on loans and financing sold to Cagamas		1,916,438	2,072,300	-	-
Sukuk		436,373	463,257	-	-
Amount due to related company		461,325	1,187,453	369,456	1,090,910
Amount due to conventional operations		-	20,588	-	-
Provision for taxation		464	54,389	-	-
Subordinated Sukuk		613,932	615,006	-	-
Total liabilities		95,984,223	88,744,662	9,843,816	10,826,381
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		5,177,178	5,156,298	377,736	399,671
Total equity		6,397,178	6,376,298	377,736	399,671
Total equity and liabilities		102,381,401	95,120,960	10,221,552	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 31 MARCH 2018

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	862,943	718,668	862,943	718,668
Income derived from investment of investment accounts	109,054	52,029	109,054	52,029
Net income derived from investment of shareholders' funds	80,081	78,858	80,081	78,858
Expected credit losses/allowance for impairment losses on financing, advances and other financing/loans	(59,803)	(48)	(59,803)	(48)
Expected credit losses for commitments and contingencies	(147)	-	(147)	-
Other expected credit losses/allowance for other impairment losses written-back/(made)	534	(37)	534	(37)
Total distributable income	992,662	849,470	992,662	849,470
Income attributable to depositors	(541,383)	(445,847)	(541,383)	(445,847)
Profit distributed to investment account holder	(86,786)	(36,439)	(86,786)	(36,439)
Total net income	364,493	367,184	364,493	367,184
Other operating expenses	(149,291)	(132,288)	(149,291)	(132,288)
Profit before taxation and zakat	215,202	234,896	215,202	234,896
Taxation and zakat	(50,839)	(47,064)	(50,839)	(47,064)
Profit for the financial period	164,363	187,832	164,363	187,832

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	164,363	187,832	164,363	187,832
Other comprehensive (expense)/income:				
<i>Items that may be reclassified to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	-	9,549	-	9,549
- Net gain from change in fair value	-	11,617	-	11,617
- Realised gain transferred to statement of income on disposal and impairment	-	(704)	-	(704)
- Income tax effects	-	(1,425)	-	(1,425)
- Currency transaction difference	-	61	-	61
- movement during the period/effect of adopting MFRS1				
Debt instruments at fair value through other comprehensive income	7,185	-	7,185	-
- Net gain from change in fair value	8,172	-	8,172	-
- Realised gain transferred to statement of income on disposal	(1,976)	-	(1,976)	-
- Changes in expected credit losses	813	-	813	-
- Income tax effects	176	-	176	-
Exchange fluctuation reserve	(6,256)	3,272	(6,256)	3,272
Other comprehensive income for the financial period, net of tax	929	12,821	929	12,821
Total comprehensive income for the period	165,292	200,653	165,292	200,653
Total net income	364,493	367,184	364,493	367,184
Add:				
Expected credit losses/allowance for impairment losses on financing, advances and other financing/loans	59,803	48	59,803	48
Expected credit losses for commitments and contingencies	147	-	147	-
Other expected credit losses/allowance for other impairment losses (written-back)/made	(534)	37	(534)	37
	423,909	367,269	423,909	367,269
Elimination for transactions with conventional operations	86,128	40,352	86,128	40,352
Income from Islamic operations (per page 2)	510,037	407,621	510,037	407,621

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A32(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	16,768	52,144	16,768	52,144
Net income derived from investment of shareholders' funds	24,748	902	24,748	902
Expected credit losses on financing, advances and other financing/loans (made)/written-back	(13,224)	5,981	(13,224)	5,981
Expected credit losses for commitments and contingencies	(191)	-	(191)	-
Other expected credit losses/Allowance for other impairment losses written-back	1,423	-	1,423	-
Total distributable income	29,524	59,027	29,524	59,027
Income attributable to depositors	(20,369)	(16,616)	(20,369)	(16,616)
Total net income	9,155	42,411	9,155	42,411
Other operating expenses	(921)	-	(921)	-
Profit for the financial period	8,234	42,411	8,234	42,411

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	8,234	42,411	8,234	42,411
Other comprehensive (expense)/income:				
<i>Items that may be reclassified to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	-	5,049	-	5,049
- Net gain from change in fair value	-	5,136	-	5,136
- Realised gain transferred to statement of income on disposal and impairment	-	(150)	-	(150)
- Currency translation difference	-	63	-	63
Debt instruments at fair value through other comprehensive income	6,931	-	6,931	-
- Net gain from change in fair value	6,931	-	6,931	-
Exchange fluctuation reserve	(10,808)	1,831	(10,808)	1,831
Other comprehensive income for the financial period, net of tax	(3,877)	6,880	(3,877)	6,880
Total comprehensive income for the period	4,357	49,291	4,357	49,291
Total net income	9,155	42,411	9,155	42,411
Add:				
Expected credit losses on financing, advances and other financing/loans made/(written-back)	13,224	(5,981)	13,224	(5,981)
Expected credit losses for commitments and contingencies	191	-	191	-
Other expected credit losses/allowance for other impairment losses written-back	(1,423)	-	(1,423)	-
Elimination for transactions with conventional operations	2,783	2,867	2,783	2,867
Income from Islamic operations (per page 4)	23,930	39,297	23,930	39,297

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A32c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

Group
At 31 Mar 2018

	Sale-based contracts				Lease-based contracts		Equity-based	Loan contract	Other	Total	
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Muntabiah Bi al-Ijarah Tamlik					Al-Ijarah Thumma al-Bai
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At amortised cost											
Cash line [^]	-	13,132	4,764	-	778,555	-	-	-	2,162	-	798,613
Term financing											
- House financing	-	6,193,497	-	-	7,829,771	1,415,978	-	-	-	-	15,439,246
- Syndicated financing	464,640	-	174,955	-	1,649,661	36,488	-	685	-	-	2,326,429
- Hire purchase receivables	-	-	-	-	-	-	6,207,404	-	-	-	6,207,404
- Other term financing	1,043,420	1,660,968	9,288,608	-	22,556,602	54,523	-	-	-	-	34,604,121
Bills receivable	-	-	-	14,434	-	-	-	-	353	-	14,787
Islamic trust receipts	59,188	-	-	-	-	-	-	-	-	-	59,188
Claims on customers under acceptance credits	690,708	-	-	90,707	-	-	-	-	-	-	781,415
Staff financing	-	-	-	-	75,985	-	-	-	-	-	75,985
Revolving credits	-	-	-	-	6,531,132	-	-	-	-	-	6,531,132
Credit card receivables	-	-	-	-	-	-	-	-	-	127,918	127,918
Share purchase financing	1,387	-	-	-	-	-	-	-	-	-	1,387
Other financing	-	-	-	2,465,879	-	-	-	-	-	-	2,465,879
Gross financing, advances and other financing/loans, at amortised cost	2,259,343	7,867,597	9,468,327	2,571,020	39,421,706	1,506,989	6,207,404	685	2,515	127,918	69,433,504
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	50,897	-	430,050	10,615	-	-	-	-	491,562
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	50,897	-	430,050	10,615	-	-	-	-	491,562
Total Gross loans, advances and financing											69,925,066
Fair value changes arising from fair value hedges											55,840
											69,980,906
Less: Expected credit losses											
At amortised cost:											
- Expected credit losses on financing, advances and other financing/loans											(506,021)
Net financing, advances and other financing/loans											69,474,885

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)

Group
At 31 Dec 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- Tamluk 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

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)

Bank
At 31 Mar 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 [^]	-	-	112	-	112
Term financing					
- Syndicated financing	464,640	-	171,390	685	636,715
- Other term financing	1,043,420	-	1,616,991	-	2,660,411
Islamic trust receipts	3,535	-	-	-	3,535
Staff financing	-	-	23	-	23
Revolving credits	-	-	502,151	-	502,151
Other financing	-	2,465,879	-	-	2,465,879
Gross financing, advances and other financing/loans	<u>1,511,595</u>	<u>2,465,879</u>	<u>2,290,667</u>	<u>685</u>	<u>6,268,826</u>
Fair value changes arising from fair value hedges					-
					<u>6,268,826</u>
Less: Expected credit losses					
<i>At amortised cost:</i>					
- Expected credit losses on financing, advances and other financing/loans					<u>(78,256)</u>
Net financing, advances and other financing/loans					<u>6,190,570</u>

Bank
At 31 Dec 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	<u>1,643,783</u>	<u>1,543,473</u>	<u>2,300,821</u>	<u>739</u>	<u>5,488,816</u>
Fair value changes arising from fair value hedge					-
					<u>5,488,816</u>
Less: Allowance for impairment losses					
- Individual impairment allowance					<u>(53,902)</u>
- Portfolio impairment allowance					<u>(1,883)</u>
					<u>(55,785)</u>
Net financing, advances and other financing/loans					<u>5,433,031</u>

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 RM3,689,000,000 (2017: RM3,695,000,000) 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 31 March 2018, the gross carrying amount relating to RPSIA financing is RM6,856,534,000 (2017: RM6,123,712,000) and 12-month expected credit losses relating to this RPSIA is RM11,443,000 (2017: portfolio impairment allowance of RM10,248,000).

c) Movement of Qard financing

	Group	
	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
As at 1 Jan	2,356	4,283
New disbursement	1,508	1,064
Repayment	(1,349)	(2,991)
As at 31 Mar/31 Dec	<u>2,515</u>	<u>2,356</u>
Sources of Qard fund:		
Depositors' fund	2,401	2,220
Shareholders' fund	114	136
	<u>2,515</u>	<u>2,356</u>
Uses of Qard fund:		
Personal use	217	162
Business purpose	2,298	2,194
	<u>2,515</u>	<u>2,356</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

ii) By geographical distribution

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Malaysia	63,786,512	57,877,099	130,272	101,538
Indonesia	77,097	62,846	77,097	62,846
Singapore	4,775,770	4,150,641	4,775,770	4,150,641
Hong Kong	376,955	283,246	376,955	283,246
Other countries	908,732	890,545	908,732	890,545
	69,925,066	63,264,377	6,268,826	5,488,816

iii) By economic sector

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Primary agriculture	2,096,509	1,993,109	179,335	34,752
Mining and quarrying	2,321,383	2,500,638	818,492	893,190
Manufacturing	1,978,393	1,884,883	91,535	161,289
Electricity, gas and water supply	102,916	103,420	-	-
Construction	2,360,156	1,405,408	25,375	25,545
Transport, storage and communications	3,900,784	2,594,541	424,399	348,573
Education, health and others	7,867,775	7,581,993	-	-
Wholesale and retail trade, and restaurants and hotels	2,924,337	2,145,046	1,596,005	897,214
Finance, insurance/takaful, real estate and business activities	10,137,009	9,515,550	2,915,671	2,891,687
Household	35,953,922	33,246,950	1	-
Others	281,882	292,839	218,013	236,566
	69,925,066	63,264,377	6,268,826	5,488,816

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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Malaysia	470,483	456,101	46,347	74,231
Singapore	63,573	66,950	63,573	66,950
Other countries	133,674	145,462	133,672	145,462
	667,730	668,513	243,592	286,643

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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Primary agriculture	9,984	6,132	-	-
Mining and quarrying	180,907	189,653	178,202	187,063
Manufacturing	18,480	18,720	-	-
Electricity, gas and water supply	-	-	-	-
Construction	30,198	7,162	-	-
Transport, storage and communications	124,501	160,258	65,390	99,580
Education, health and others	11,085	11,097	-	-
Wholesale and retail trade, and restaurants and hotels	7,776	1,795	-	-
Finance, insurance/takaful, real estate and business activities	44,028	24,922	-	-
Government and government agencies	-	-	-	-
Household	240,746	246,681	-	-
Others	25	2,093	-	-
	667,730	668,513	243,592	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:

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 Jan 2018	-	-	-	103,254	246,556	349,810
Effect of adopting MFRS 9	121,655	119,420	219,782	(103,254)	(246,556)	111,047
Adjusted 1 Jan 2018	121,655	119,420	219,782	-	-	460,857
Changes in expected credit losses due to transferred within stages:	59,593	(54,873)	(4,720)	-	-	-
Transferred to Stage 1	70,413	(57,330)	(13,083)	-	-	-
Transferred to Stage 2	(10,787)	25,866	(15,079)	-	-	-
Transferred to Stage 3	(33)	(23,409)	23,442	-	-	-
Total charge to Income Statement:	(37,911)	36,024	74,366	-	-	72,479
New financial assets originated	44,660	-	236	-	-	44,896
Financial assets that have been derecognised	(32,623)	(1,128)	-	-	-	(33,751)
Writeback in respect of full recoveries	-	-	(748)	-	-	(748)
Change in credit risk	(49,948)	37,152	74,878	-	-	62,082
Write-offs	-	-	(25,482)	-	-	(25,482)
Exchange fluctuation	(229)	(75)	(2,721)	-	-	(3,025)
Other movements	(58)	-	1,250	-	-	1,192
At 31 Mar 2018	143,050	100,496	262,475	-	-	506,021

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 Jan 2018	-	-	-	53,902	1,883	55,785
Effect of adopting MFRS 9	6,930	3,057	58,070	(53,902)	(1,883)	12,272
Adjusted 1 Jan 2018	6,930	3,057	58,070	-	-	68,057
Total charge to Income Statement:	(822)	(1,119)	15,165	-	-	13,224
Change in credit risk	(822)	(1,119)	15,165	-	-	13,224
Exchange fluctuation	(229)	(75)	(2,721)	-	-	(3,025)
At 31 Mar 2018	5,879	1,863	70,514	-	-	78,256

CIMB Islamic Bank
31 Mar 2018

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

1.0%

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 :

	Group RM'000	Bank RM'000
Individual impairment allowance		
At 1 Jan	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 Dec 2017	<u>103,254</u>	<u>53,902</u>
Portfolio impairment allowance		
At 1 Jan	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 Dec 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:

	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 Jan 2018	-	668,513
Effect of adopting MFRS 9	668,513	(668,513)	-
Adjusted 1 Jan 2018	668,513	-	668,513
Transfer within stages	72,407	-	72,407
New financial assets originated	634	-	634
Write-offs	(25,482)	-	(25,482)
Amount recovered	(5,206)	-	(5,206)
Other changes in financing, advances and other financing/loans	(32,061)	-	(32,061)
Exchange fluctuation	(11,075)	-	(11,075)
At 31 Mar 2018	667,730	-	667,730

	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 Jan 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	(31,976)	-	(31,976)
Exchange fluctuation	(11,075)	-	(11,075)
At 31 Mar 2018	243,592	-	243,592

	Group 31 Mar 2018	Bank 31 Mar 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.0%	3.9%

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

	Group 31 Dec 2017 RM'000	Bank 31 Dec 2017 RM'000
At 1 Jan 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 Dec 2017	668,513	286,643

	Group 31 Dec 2017	Bank 31 Dec 2017
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**

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,659,043	3,320,512	307,765	264,896
Qard	1,244	610	-	-
Commodity Murabahah (via Tawarruq arrangement)	28,107	10,451	-	-
Demand deposit				
Wadiah	14,231,777	11,281,432	209,784	252,233
Qard	196,434	210,386	-	-
Term deposit				
Commodity Murabahah (via Tawarruq arrangement)*	56,383,505	53,531,392	3,835,592	3,639,384
Islamic negotiable instruments				
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,199	-	-
Short term money market deposit-i				
Wakalah	10,866	11,961	10,866	11,961
Wadiah	7,227	9,516	7,227	9,516
Fixed Deposit-i				
Wadiah	1,272	8,981	1,272	8,981
General investment account				
Mudharabah	1,238	2,169	-	-
Specific investment account				
Mudharabah	110,596	113,014	-	-
Others - Qard	17,792	17,326	-	-
	74,649,101	68,915,949	4,372,506	4,186,971

*included Qard contract of RM377,564,000 (2017: RM297,971,000)

(ii) By maturity structures of term deposits

Due within six months	50,279,192	48,119,521	2,516,134	2,979,081
Six months to less than one year	6,021,248	5,762,301	1,302,928	633,835
One year to less than three years	101,558	78,284	35,895	56,926
Three years to less than five years	2,110	2,114	-	-
Five years and more	110,596	113,012	-	-
	56,514,704	54,075,232	3,854,957	3,669,842

PART A - EXPLANATORY NOTES (CONTINUED)**A32. OPERATIONS OF ISLAMIC BANKING (CONTINUED)****A32d. DEPOSITS FROM CUSTOMERS (CONTINUED)****(iii) By type of customer**

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Government and statutory bodies	6,466,902	3,745,450	148	145
Business enterprises	29,766,657	28,122,389	2,034,087	1,966,444
Individuals	16,658,165	17,224,352	2,163,626	2,054,872
Others	21,757,377	19,823,758	174,645	165,510
	<u>74,649,101</u>	<u>68,915,949</u>	<u>4,372,506</u>	<u>4,186,971</u>

A32e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	317,277	289,203	-	-
-with maturity				
Term Investment Account-i	1,650,015	618,560	-	-
	<u>1,967,292</u>	<u>907,763</u>	<u>-</u>	<u>-</u>

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

A32f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Restricted investment accounts				
Mudharabah	9,242,374	8,145,684	-	-
By type of counterparty				
Licensed banks	9,242,374	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

	Group		Bank	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Deposits from customers - structured investments	-	2,234	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 31 March 2018 was RMNil (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.

CIMB Islamic Bank did not issue any new structured investment during the financial period (2017: Nil).

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a profit before taxation and zakat of RM1,322.1 million for the three months period ended 31 March 2018, 5.0% lower as compared to the profit before taxation of RM1,391.7 million registered in the previous corresponding period. Profit for the financial period decreased by 9.1% to RM1,009.3 million.

Net interest income decreased by 2.5% to RM1,651.5 million while income from Islamic Banking operations increased by RM102.4 million to RM510.0 million. Net non-interest income reduced by 6.0% to RM746.7 million.

Overheads higher by RM46.3 million and expected credit losses on loans, advances & financing, commitment & contingencies and other expected credit losses increased by RM11.6 million, RM12.0 million and RM10.5 million respectively.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautiously optimistic for the rest of 2018 in view of the sustained global and regional economic growth. CIMB Malaysia expects to grow in line with the domestic economy and capital market activities. Prospects for CIMB Singapore are tied to the regional economic activity. CIMB Thai is expected to show progressive improvement following realignment of the consumer business and asset quality improvements.

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.

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	1,005,404	1,106,301	1,005,404	1,106,301
Weighted average number of ordinary shares in issue ('000)	5,535,895	5,276,655	5,535,895	5,276,655
Basic earnings per share (expressed in sen per share)	18.16	20.97	18.16	20.97

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	782,197	860,681	782,197	860,681
Weighted average number of ordinary shares in issue ('000)	5,535,895	5,276,655	5,535,895	5,276,655
Basic earnings per share (expressed in sen per share)	14.13	16.31	14.13	16.31

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2018 and 31 March 2017.

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	
	Group RM'000	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	
	Group RM'000	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	-	-
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	-	-
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	-	-
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	(913,090)	(810,579)
Opening balance under MFRS 9 as at 1 January 2018	260,875,619	176,086,457
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	467,873	266,894
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	384,928	300,245
Opening balance under MFRS 9 as at 1 January 2018	12,388,519	10,730,759
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	61,550	43,360

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	
	Group RM'000	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	
	Group RM'000	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:

	Group				Bank					
	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9 Remeasurement RM'000	Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9 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	(913,090)	-	(913,090)	260,875,619	176,897,036	(810,579)	-	(810,579)	176,086,457
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	(950,223)	155,912	(794,311)	416,261,331	308,454,399	(836,292)	155,236	(681,056)	307,773,343
Non-current assets/disposal groups held for sale	4,199	-	-	-	4,199	-	-	-	-	-
TOTAL ASSETS	417,059,841	(950,223)	155,912	(794,311)	416,265,530	308,454,399	(836,292)	155,236	(681,056)	307,773,343

PART A - EXPLANATORY NOTES (CONTINUED)

A33. CHANGE IN COMPARATIVES (CONTINUED)

0 The impact of the above on the financial statements of the Group and the Bank are set out as follows (Continued):

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

	Group				Bank					
	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9 Remeasurement RM'000	Reclassification RM'000	Total RM'000	Adjusted 1 Jan 2018 RM'000	Audited as at 31 Dec 2017 RM'000	Effect of adopting MFRS 9 Remeasurement RM'000	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	384,928	-	384,928	12,388,519	10,430,514	300,245	-	300,245	10,730,759
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	88,016	-	88,016	379,042,926	276,749,759	43,351	-	43,351	276,793,110
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	(950,223)	155,912	(794,311)	416,265,530	308,454,399	(836,292)	155,236	(681,056)	307,773,343

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:

	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

	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