

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	The Group		The Bank	
		31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Assets					
Cash and short term funds	A6	27,248,077	28,593,411	16,998,637	17,428,021
Reverse repurchase agreements		11,891,387	11,102,259	11,710,091	10,973,923
Deposits and placements with banks and other financial institutions	A6	5,036,548	2,354,294	13,448,426	10,938,420
Financial assets at fair value through profit or loss	A7	35,177,792	28,895,987	27,047,808	23,014,500
Debt instruments at fair value through other comprehensive income	A8	27,985,911	26,400,078	18,597,598	17,391,402
Equity instruments at fair value through other comprehensive income	A9	528,716	543,694	516,473	531,599
Debt instruments at amortised cost	A10	35,818,687	35,784,470	27,092,240	27,773,741
Derivative financial instruments	A24	8,268,064	8,330,859	4,846,022	5,589,909
Loans, advances and financing	A11	288,929,783	284,469,491	183,878,864	183,056,816
Other assets	A12	8,591,176	8,127,375	7,204,270	6,652,809
Tax recoverable		56,164	42,632	-	-
Deferred taxation		763,064	737,309	548,223	514,806
Statutory deposits with central banks		9,024,626	8,139,073	6,232,813	5,315,286
Amounts due from holding company and ultimate holding company		2,178	2,361	2,178	2,361
Amount due from subsidiaries		-	-	218,616	5,051
Amount due from related companies		1,054,712	1,077,762	1,053,761	1,076,218
Investment in subsidiaries		-	-	6,526,932	6,531,132
Investment in joint venture		172,694	171,864	125,000	125,000
Goodwill		5,224,459	5,213,838	3,555,075	3,555,075
Intangible assets		976,878	1,015,287	834,223	867,624
Prepaid lease payments		384	387	-	-
Property, plant and equipment		941,601	916,543	597,133	582,035
Right-of-use assets		782,660	-	689,466	-
		468,475,561	451,918,974	331,723,849	321,925,728
Non-current assets/disposal groups held for sale		7,467	13,775	7,467	9,576
Total Assets		468,483,028	451,932,749	331,731,316	321,935,304
Liabilities					
Deposits from customers	A13	325,573,044	319,242,889	218,291,009	217,572,712
Investment accounts of customers	A14	786,517	1,769,270	-	-
Deposits and placements of banks and other financial institutions	A15	24,013,763	19,307,856	21,826,733	17,776,291
Repurchase agreements		15,301,663	10,851,842	10,898,766	6,709,187
Financial liabilities designated at fair value through profit or loss	A16	5,490,615	5,880,707	1,010,466	1,333,570
Derivative financial instruments	A24	7,862,493	8,218,111	4,584,240	5,329,706
Bills and acceptances payable		1,283,440	1,244,944	478,126	479,398
Amount due to subsidiaries		-	-	8,407	93,917
Amount due to related companies		3,754	2,460	1,269	1,177
Other liabilities	A17	11,880,283	9,121,662	10,183,697	7,954,646
Lease liability		783,339	-	689,471	-
Recourse obligation on loans and financing sold to Cagamas		4,508,171	6,007,447	2,991,411	4,091,944
Provision for taxation		413,975	407,693	301,219	314,364
Bonds, Sukuk and debentures		12,970,692	12,193,530	11,462,946	10,693,327
Other borrowings		5,121,343	5,258,491	5,357,555	5,560,100
Subordinated obligations		11,372,796	11,298,376	10,473,565	10,399,084
Total Liabilities		427,365,888	410,805,278	298,558,880	288,309,423
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		20,088,345	20,088,345	20,088,345	20,088,345
Reserves		20,524,129	20,539,127	12,854,351	13,307,796
		40,612,474	40,627,472	32,942,696	33,396,141
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		274,926	270,259	-	-
Total Equity		41,117,140	41,127,471	33,172,436	33,625,881
Total Equity and Liabilities		468,483,028	451,932,749	331,731,316	321,935,304
Commitments and contingencies	A25	1,204,441,241	1,106,170,733	691,878,770	611,671,542
Net assets per ordinary share attributable to owners of the Parent (RM)		6.79	6.80	5.51	5.59

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Group	Note	1st Quarter Ended		Three Months Ended	
		31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	3,501,488	3,176,465	3,501,488	3,176,465
Interest income from financial assets at fair value through profit or loss	A19	204,051	121,298	204,051	121,298
Interest expense	A20	(1,988,095)	(1,646,268)	(1,988,095)	(1,646,268)
Net interest income		1,717,444	1,651,495	1,717,444	1,651,495
Income from Islamic Banking operations	A29(b)	589,558	510,037	589,558	510,037
Net non-interest income	A21	682,882	746,656	682,882	746,656
Net income		2,989,884	2,908,188	2,989,884	2,908,188
Overheads	A22	(1,574,647)	(1,413,607)	(1,574,647)	(1,413,607)
Profit before expected credit losses		1,415,237	1,494,581	1,415,237	1,494,581
Expected credit losses on loans, advances and financing	A23(a)	(207,884)	(143,108)	(207,884)	(143,108)
Expected credit losses written back/(made) for commitments and contingencies		61,900	(16,915)	61,900	(16,915)
Other expected credit losses written back/(made)	A23(b)	1,958	(13,674)	1,958	(13,674)
Share of results of joint venture		830	1,183	830	1,183
Profit before taxation and zakat		1,272,041	1,322,067	1,272,041	1,322,067
Taxation and zakat		(261,889)	(312,814)	(261,889)	(312,814)
Profit for the financial period		1,010,152	1,009,253	1,010,152	1,009,253
Profit for the financial period attributable to:					
Owners of the Parent		1,003,939	1,005,404	1,003,939	1,005,404
Non-controlling interests		6,213	3,849	6,213	3,849
		1,010,152	1,009,253	1,010,152	1,009,253
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	16.79	18.16	16.79	18.16

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

<u>The Group</u>	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Profit for the financial period	1,010,152	1,009,253	1,010,152	1,009,253
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	(75)	79	(75)	79
- Currency translation difference	(75)	79	(75)	79
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(719)	-	(719)	-
Equity instruments at fair value through other comprehensive income	(11,291)	1,553	(11,291)	1,553
- Net loss from change in fair value	(11,870)	(1,202)	(11,870)	(1,202)
- Income tax effects	(13)	467	(13)	467
- Currency translation difference	592	2,288	592	2,288
	(12,085)	1,632	(12,085)	1,632
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	134,547	(18,034)	134,547	(18,034)
- Net gain/(loss) from change in fair value	195,492	(17,287)	195,492	(17,287)
- Realised gain transferred to statement of income on disposal	(44,196)	(24,741)	(44,196)	(24,741)
- Changes in expected credit losses	(1,280)	13,286	(1,280)	13,286
- Income tax effects	(16,064)	13,250	(16,064)	13,250
- Currency translation difference	595	(2,542)	595	(2,542)
Net investment hedge	68,022	217,722	68,022	217,722
Cash flow hedge	54	651	54	651
- Net gain from change in fair value	43	857	43	857
- Income tax effects	11	(206)	11	(206)
Exchange fluctuation reserve	(65,394)	(395,053)	(65,394)	(395,053)
Deferred hedging cost	12,919	12,817	12,919	12,817
	150,148	(181,897)	150,148	(181,897)
Other comprehensive income/(expense) for the financial period, net of tax	138,063	(180,265)	138,063	(180,265)
Total comprehensive income for the financial period	1,148,215	828,988	1,148,215	828,988
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,143,548	826,247	1,143,548	826,247
Non-controlling interests	4,667	2,741	4,667	2,741
	1,148,215	828,988	1,148,215	828,988

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Bank	Note	1st Quarter Ended		Three Months Ended	
		31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	3,028,341	2,781,332	3,028,341	2,781,332
Interest income from financial assets at fair value through profit or loss	A19	177,637	111,536	177,637	111,536
Interest expense	A20	(1,825,175)	(1,539,530)	(1,825,175)	(1,539,530)
Net interest income		1,380,803	1,353,338	1,380,803	1,353,338
Income from Islamic Banking operations	A29(b)	36,268	23,930	36,268	23,930
Net non-interest income	A21	754,794	669,184	754,794	669,184
Net income		2,171,865	2,046,452	2,171,865	2,046,452
Overheads	A22	(1,250,102)	(1,001,711)	(1,250,102)	(1,001,711)
Profit before expected credit losses		921,763	1,044,741	921,763	1,044,741
Expected credit losses on loans, advances and financing	A23(a)	(141,254)	(649)	(141,254)	(649)
Expected credit losses written back/(made) for commitments and contingencies		22,194	(10,567)	22,194	(10,567)
Other expected credit losses written back/(made)	A23(b)	436	(13,316)	436	(13,316)
Profit before taxation		803,139	1,020,209	803,139	1,020,209
Taxation		(169,469)	(238,012)	(169,469)	(238,012)
Profit for the financial period		633,670	782,197	633,670	782,197
Earnings per share - basic (sen)	B3	10.60	14.13	10.60	14.13

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
<u>The Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	633,670	782,197	633,670	782,197
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(719)	-	(719)	-
Equity instruments at fair value through other comprehensive income	(11,150)	2,066	(11,150)	2,066
- Net loss from change in fair value	(11,939)	(415)	(11,939)	(415)
- Income tax effects	(13)	312	(13)	312
- Currency translation difference	802	2,169	802	2,169
	(11,869)	2,066	(11,869)	2,066
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	94,468	(19,923)	94,468	(19,923)
- Net gain/(loss) from change in fair value	130,594	(21,725)	130,594	(21,725)
- Realised gain transferred to statement of income on disposal	(25,420)	(20,863)	(25,420)	(20,863)
- Changes in expected credit losses	(1,431)	11,864	(1,431)	11,864
- Income tax effects	(9,871)	13,344	(9,871)	13,344
- Currency translation difference	596	(2,543)	596	(2,543)
Net investment hedge	62,864	203,555	62,864	203,555
Cash flow hedge	138	651	138	651
- Net gain from change in fair value	181	857	181	857
- Income tax effects	(43)	(206)	(43)	(206)
Exchange fluctuation reserve	(90,188)	(303,926)	(90,188)	(303,926)
Deferred hedging cost	13,877	14,937	13,877	14,937
	81,159	(104,706)	81,159	(104,706)
Other comprehensive income/(expense) for the financial period, net of tax	69,290	(102,640)	69,290	(102,640)
Total comprehensive income for the financial period	702,960	679,557	702,960	679,557

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Group	Attributable to owners of the Parent																	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000				
At 1 January 2019	20,088,345	29,740	50,590	2,035,684	(149,868)	15,388	(1,085,928)	735,457	(1,207,792)	47,373	1,542,976	1,959	50,432	(10,536)	18,513,392	40,657,212	200,000	270,259	41,127,471	
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,003,939	1,003,939	-	6,213	1,010,152	
Other comprehensive (expenses)/income (net of tax)	-	-	-	(62,560)	133,541	(11,511)	-	-	68,076	12,919	-	(719)	(62)	(75)	-	139,609	-	(1,546)	138,063	
- debt instruments at fair value through other comprehensive income	-	-	-	-	133,541	-	-	-	-	-	-	-	-	-	-	133,541	-	1,006	134,547	
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11,511)	-	-	-	-	-	-	-	-	-	(11,511)	-	220	(11,291)	
- net investment hedge	-	-	-	-	-	-	-	68,022	-	-	-	-	-	-	-	68,022	-	-	68,022	
- cash flow hedge	-	-	-	-	-	-	-	54	-	-	-	-	-	-	-	54	-	-	54	
- currency translation difference	-	-	-	(62,560)	-	-	-	-	-	-	-	-	(62)	-	-	(62,622)	-	(2,772)	(65,394)	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(75)	-	(75)	-	-	(75)	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(719)	-	-	-	(719)	-	-	-	(719)	
- deferred hedging cost	-	-	-	-	-	-	-	-	12,919	-	-	-	-	-	-	12,919	-	-	12,919	
Total comprehensive (expenses)/income for the financial period	-	-	-	(62,560)	133,541	(11,511)	-	-	68,076	12,919	-	(719)	(62)	(75)	1,003,939	1,143,548	-	4,667	1,148,215	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	61,715	-	-	-	-	(61,715)	-	-	-	-	
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	13,609	-	-	-	13,609	-	-	13,609	
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	353	-	-	-	-	-	-	-	-	(353)	-	-	-	-	
Second interim dividends for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	-	(1,135,854)	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(36,301)	-	-	(36,301)	-	-	-	(36,301)	
At 31 March 2019	20,088,345	29,740	50,590	1,973,124	(16,327)	4,230	(1,085,928)	735,457	(1,139,716)	60,292	1,604,691	1,240	27,678	(10,611)	18,319,409	40,642,214	200,000	274,926	41,117,140	

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Group	Attributable to owners of the Parent																		Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000				
At 1 January 2018	17,610,939	29,740	49,941	1,776,264	-	-	500,464	(1,085,928)	735,457	(1,139,101)	-	1,500,556	-	43,638	(17,532)	17,643,982	37,648,420	200,000	256,511	38,104,931	
Effect of adopting MFRS 9	-	-	-	-	(69,881)	(33,188)	(500,464)	-	-	-	55	11,092	(4,212)	-	-	(283,768)	(880,366)	-	-	(882,327)	
1 January 2018, as restated	17,610,939	29,740	49,941	1,776,264	(69,881)	(33,188)	-	(1,085,928)	735,457	(1,139,101)	55	1,511,648	(4,212)	43,638	-	17,360,214	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)	
- net investment hedge	-	-	-	-	-	-	-	-	-	217,722	-	-	-	-	-	-	217,722	-	-	1,553	
- cash flow hedge	-	-	-	-	-	-	-	-	-	651	-	-	-	-	-	-	651	-	-	217,722	
- currency translation difference	-	-	-	(393,619)	-	-	-	-	-	-	-	-	-	(306)	-	(393,925)	-	-	(1,128)	(395,053)	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	-	79	-	-	79	
- deferred hedging cost	-	-	-	-	-	-	-	-	-	-	12,817	-	-	-	-	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 March 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	79	16,675,577	35,947,875	200,000	257,291	36,405,166	

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Bank	← Non-distributable →											Distributable		Total Equity RM'000	
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve		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 earnings RM'000		Perpetual preference shares RM'000
				debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000										
At 1 January 2019	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	1,197,301	1,959	45,100	12,380,511	200,000	33,625,881
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	633,670	-	633,670
Other comprehensive (expenses)/ income (net of tax)	-	-	(90,105)	94,468	(11,150)	-	-	63,002	13,877	-	(719)	(83)	-	-	69,290
- debt instruments at fair value through other comprehensive income	-	-	-	94,468	-	-	-	-	-	-	-	-	-	-	94,468
- equity instruments at fair value through other comprehensive income	-	-	-	-	(11,150)	-	-	-	-	-	-	-	-	-	(11,150)
- net investment hedge	-	-	-	-	-	-	62,864	-	-	-	-	-	-	-	62,864
- cash flow hedge	-	-	-	-	-	-	138	-	-	-	-	-	-	-	138
- currency translation difference	-	-	(90,105)	-	-	-	-	-	-	-	-	(83)	-	-	(90,188)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	(719)	-	-	-	-	(719)
- deferred hedging cost	-	-	-	-	-	-	-	13,877	-	-	-	-	-	-	13,877
Total comprehensive (expenses)/ income for the financial period	-	-	(90,105)	94,468	(11,150)	-	-	63,002	13,877	-	(719)	(83)	633,670	-	702,960
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	21,921	-	-	-	(21,921)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	12,125	-	-	12,125
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	-	(1,135,854)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(32,676)	-	-	(32,676)
At 31 March 2019	20,088,345	29,740	667,964	(33,107)	32,765	(1,047,872)	746,852	(674,030)	60,445	1,219,222	1,240	24,466	11,856,406	200,000	33,172,436

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	← 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 earnings RM'000	Perpetual preference shares RM'000	Total Equity RM'000
The Bank																
At 1 January 2018	17,610,939	29,740	652,165	-	-	501,733	(1,047,872)	746,852	(670,363)	-	1,208,956	-	38,829	12,433,661	200,000	31,704,640
Effect of adopting MFRS 9	-	-	-	(67,887)	(7,428)	(501,733)	-	-	55	56,728	(4,212)	-	(199,930)	-	-	(724,407)
1 January 2018, as restated	17,610,939	29,740	652,165	(67,887)	(7,428)	-	(1,047,872)	746,852	(670,363)	55	1,265,684	(4,212)	38,829	12,233,731	200,000	30,980,233
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	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 March 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

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 2018.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Profit before taxation and zakat	1,272,041	1,322,067	803,139	1,020,209
Adjustments for non-operating and non-cash items	(264,087)	(668,464)	(192,992)	(843,676)
Operating profit before changes in working capital	1,007,954	653,603	610,147	176,533
Net changes in operating assets	(16,032,218)	(9,181,474)	(10,155,153)	(5,018,520)
Net changes in operating liabilities	17,500,947	17,491,444	11,460,419	11,563,217
	1,468,729	8,309,970	1,305,266	6,544,697
Cash flows generated from operations	2,476,683	8,963,573	1,915,413	6,721,230
Taxation paid	(308,289)	(328,682)	(224,904)	(240,930)
Net cash flows generated from operating activities	2,168,394	8,634,891	1,690,509	6,480,300
Net cash flows (used in)/generated from investing activities	(1,009,739)	(1,256,453)	18,437	(973,660)
Net cash flows used in financing activities	(2,260,535)	(2,071,904)	(1,893,070)	(2,282,398)
Net (decrease)/increase in cash and cash equivalents	(1,101,880)	5,306,534	(184,124)	3,224,242
Effects of exchange rate changes	(243,454)	(682,787)	(245,260)	(597,437)
Cash and cash equivalents at the beginning of financial period	28,593,411	33,341,519	17,428,021	19,642,521
Cash and cash equivalents at end of financial period	27,248,077	37,965,266	16,998,637	22,269,326

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 2018.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 31 March 2019 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 and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2018. 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 2018.

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 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2019:

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures"
- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
- Annual Improvements to MFRSs 2015 – 2017 Cycle
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

The adoption of MFRS 16 has required additional disclosure of leases. Other than that, 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.

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

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

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

a) On 19 March 2019, the Bank issued USD88 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

b) On 4 April 2019, the Bank, acting through its Hong Kong branch, issued HKD700 million in nominal value 1-year fixed rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.98% per annum payable annually, will mature on 4 April 2020 (subject to adjustment in accordance with the modified following business day convention).

c) 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.

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 RM24 million.

e) On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

f) On 15 May 2019, CIMB Bank PLC has successfully issued the first tranche of USD15 million Subordinated Loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The first tranche of the Subordinated Loan was issued as a single tranche at 4.5% per annum with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant Coupon Payment Date thereafter. The redemption of the Subordinated Loan will be subject to NBCs approval and the interest rate will remain unchanged throughout the tenor of the Subordinated Loan.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 19.00 sen per share, on 5,978,178,653 ordinary shares of RM1.00 each, amounting to RM1,136 million in respect of the financial year ended 31 December 2018 which was approved by the Board of Directors on 31 January 2019, was paid on 28 March 2019.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 March 2019 and the date of this announcement, other than those disclosed under issuance and repayment of debts and equity securities.

PART A - EXPLANATORY NOTES (CONTINUED)

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

As at 31 March 2019, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM578,000 and RM627,000 for the Group and RM296,000 and RM389,000 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 RM577,000 and RM453,000 respectively (2018: RM735,000 and RM892,000 respectively).

A7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	5,246,533	1,856,675	5,246,533	1,856,675
Cagamas bonds	774,003	626,157	683,748	626,157
Malaysian Government treasury bills	204,498	9,967	204,498	9,967
Bank Negara Malaysia Monetary Notes	1,633,619	738,413	1,593,846	738,413
Bankers' acceptance	-	102,325	-	102,325
Negotiable instruments of deposit	7,346,868	7,663,918	4,666,888	4,883,128
Other Government securities	4,944,899	4,527,434	1,653,137	1,983,517
Government Investment Issues	1,177,180	237,414	57,807	145,843
Other Government treasury bills	5,695,763	5,667,495	5,695,763	5,667,495
Promissory Notes	408,362	413,965	408,362	413,965
Commercial papers	1,362,160	1,139,868	1,303,105	1,130,265
	28,793,885	22,983,631	21,513,687	17,557,750
Quoted securities:				
In Malaysia				
Shares	281,107	340,868	281,107	340,868
Outside Malaysia				
Shares	97,991	57,011	97,991	57,011
	379,098	397,879	379,098	397,879
Unquoted securities:				
In Malaysia				
Shares	815,780	815,780	803,515	803,515
Corporate bond and Sukuk	2,303,905	2,633,581	2,025,139	2,602,881
	3,119,685	3,449,361	2,828,654	3,406,396
Outside Malaysia				
Corporate bond	2,502,287	1,666,191	1,943,532	1,253,550
Private equity and unit trusts funds	382,837	398,925	382,837	398,925
	2,885,124	2,065,116	2,326,369	1,652,475
	35,177,792	28,895,987	27,047,808	23,014,500

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	501,079	748,002	495,934	742,940
Cagamas bonds	266,603	280,390	220,014	213,783
Khazanah bonds	17,693	41,185	17,693	41,185
Other government treasury bills	277,811	105,406	277,811	105,406
Other government securities	3,258,655	3,585,795	620,533	575,361
Negotiable instruments of deposit	471,188	448,425	471,188	448,425
Government investment issues	1,070,389	1,146,627	430,513	384,308
Commercial papers	74,431	24,271	49,904	-
	5,937,849	6,380,101	2,583,590	2,511,408
Unquoted securities:				
In Malaysia				
Corporate bond and Sukuk	14,985,896	13,286,077	12,404,948	11,460,564
Outside Malaysia				
Corporate bond and Sukuk	7,062,165	6,733,899	3,609,060	3,419,430
Unit trust fund	1	1	-	-
	7,062,166	6,733,900	3,609,060	3,419,430
	27,985,911	26,400,078	18,597,598	17,391,402

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transferred within stages:	115,136	(115,136)	-	-
Transferred to Stage 1	115,366	(115,366)	-	-
Transferred to Stage 2	(230)	230	-	-
Total charge to Income Statement:	(114,218)	113,328	(390)	(1,280)
New financial assets purchased	11,057	-	-	11,057
Financial assets that have been derecognised	(1,789)	-	-	(1,789)
Change in credit risk	(123,486)	113,328	(390)	(10,548)
Exchange fluctuation	(80)	-	-	(80)
At 31 March 2019	18,720	116	29,916	48,752

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	20,486	4,050	133,306	157,842
Adjusted 1 January 2018	20,486	4,050	133,306	157,842
Changes in expected credit losses due to transferred within stages:	17,194	(17,194)	-	-
Transferred to Stage 1	17,276	(17,276)	-	-
Transferred to Stage 2	(82)	82	-	-
Total charge to Income Statement:	(19,861)	15,067	2,894	(1,900)
New financial assets purchased	42,829	-	-	42,829
Financial assets that have been derecognised	(7,501)	(4,521)	-	(12,022)
Change in credit risk	(55,189)	19,588	2,894	(32,707)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	63	1	88	152
Other movements	-	-	(40,303)	(40,303)
At 31 December 2018	17,882	1,924	30,306	50,112

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

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

The 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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:	115,136	(115,136)	-	-
Transferred to Stage 1	115,366	(115,366)	-	-
Transferred to Stage 2	(230)	230	-	-
Total charge to Income Statement:	(114,369)	113,328	(390)	(1,431)
New financial assets purchased	8,404	-	-	8,404
Financial assets that have been derecognised	(1,469)	-	-	(1,469)
Change in credit risk	(121,304)	113,328	(390)	(8,366)
Exchange fluctuation	(91)	-	-	(91)
At 31 March 2019	16,150	115	29,916	46,181

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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	19,376	3,888	133,306	156,570
Adjusted 1 January 2018	19,376	3,888	133,306	156,570
Changes in expected credit losses due to transferred within stages:	9,749	(9,749)	-	-
Transferred to Stage 1	9,830	(9,830)	-	-
Transferred to Stage 2	(81)	81	-	-
Total charge to Income Statement:	(13,687)	7,784	2,894	(3,009)
New financial assets purchased	36,898	-	-	36,898
Financial assets that have been derecognised	(6,524)	(4,359)	-	(10,883)
Change in credit risk	(44,061)	12,143	2,894	(29,024)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	36	-	88	124
Other movements	-	-	(40,303)	(40,303)
At 31 December 2018	15,474	1,923	30,306	47,703

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	30,306	30,306
Other changes in debts instruments	(390)	(390)
At 31 March 2019	<u>29,916</u>	<u>29,916</u>

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 January 2018	<u>140,715</u>	<u>140,715</u>
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,783)	(44,783)
Exchange fluctuation	53	53
At 31 December 2018	<u>30,306</u>	<u>30,306</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	2,397	2,349	107	58
Unit trusts	5,500	5,376	-	-
	<u>7,897</u>	<u>7,725</u>	<u>107</u>	<u>58</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	253,880	253,880	253,244	253,244
Perpetual corporate bonds	177,349	177,034	177,349	177,034
	<u>431,229</u>	<u>430,914</u>	<u>430,593</u>	<u>430,278</u>
<u>Outside Malaysia</u>				
Shares	6,200	6,175	2,383	2,383
Private equity and unit trusts funds	83,390	98,880	83,390	98,880
	<u>89,590</u>	<u>105,055</u>	<u>85,773</u>	<u>101,263</u>
	<u>528,716</u>	<u>543,694</u>	<u>516,473</u>	<u>531,599</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	3,187,173	3,183,451	3,086,927	3,082,110
Cagamas bonds	243,219	242,008	202,480	201,682
Other Government treasury bills	1,496,726	2,263,502	1,496,726	2,263,502
Other Government's securities	1,874,536	1,736,645	511,428	517,584
Malaysian Government Investment Issue	8,470,891	8,492,547	6,260,985	6,332,666
Khazanah bonds	364,199	364,199	364,199	364,199
	<u>15,636,744</u>	<u>16,282,352</u>	<u>11,922,745</u>	<u>12,761,743</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	9,624	9,627	-	-
	<u>9,624</u>	<u>9,627</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	17,586,483	16,865,347	13,099,769	12,920,066
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,610,680	2,657,619	2,088,980	2,113,380
	<u>20,197,163</u>	<u>19,522,966</u>	<u>15,188,749</u>	<u>15,033,446</u>
Amortisation of premium net of accretion of discount	90,501	83,515	91,614	88,358
Less : Expected credit losses	(115,345)	(113,990)	(110,868)	(109,806)
	<u>35,818,687</u>	<u>35,784,470</u>	<u>27,092,240</u>	<u>27,773,741</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	6,658	100,148	7,184	113,990
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
Total charge to Income Statement:	(69,841)	71,199	-	1,358
New financial assets purchased	2,182	-	-	2,182
Financial assets that have been derecognised	(17)	-	-	(17)
Change in credit risk	(72,006)	71,199	-	(807)
Exchange fluctuation	(4)	-	1	(3)
At 31 March 2019	9,417	98,743	7,185	115,345

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	9,603	9,876	7,180	26,659
Adjusted 1 January 2018	9,603	9,876	7,180	26,659
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(2,921)	2,921	-	-
	(2,921)	2,921	-	-
Total charge to Income Statement:	(17)	87,351	-	87,334
New financial assets purchased	6,551	-	-	6,551
Financial assets that have been derecognised	(186)	(11,673)	-	(11,859)
Change in credit risk	(6,382)	99,024	-	92,642
Exchange fluctuation	(7)	-	4	(3)
At 31 December 2018	6,658	100,148	7,184	113,990

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

The Group	Lifetime expected	Total
	credit losses - credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2019	7,184	7,184
Exchange fluctuation	1	1
At 31 March 2019	7,185	7,185

The Group	Lifetime expected	Total
	credit losses - credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adoption of MFRS 9	7,180	7,180
Adjusted 1 January 2018	7,180	7,180
Exchange fluctuation	4	4
At 31 December 2018	7,184	7,184

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Bank	12-month	Lifetime expected	Total
	expected credit	credit losses - not	
	losses (Stage 1)	credit impaired	
	RM'000	RM'000	RM'000
At 1 January 2019	9,658	100,148	109,806
Changes in expected credit losses due to transferred within stages:	72,604	(72,604)	-
Transferred to Stage 1	72,652	(72,652)	-
Transferred to Stage 2	(48)	48	-
Total charge to Income Statement:	(70,133)	71,199	1,066
New financial assets purchased	1,625	-	1,625
Financial assets that have been derecognised	(17)	-	(17)
Change in credit risk	(71,741)	71,199	(542)
Exchange fluctuation	(4)	-	(4)
At 31 March 2019	12,125	98,743	110,868

The Bank	12-month	Lifetime expected	Total
	expected credit	credit losses - not	
	losses (Stage 1)	credit impaired	
	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-
Effect of adopting MFRS 9	9,186	9,876	19,062
Adjusted 1 January 2018	9,186	9,876	19,062
Changes in expected credit losses due to transferred within stages:	(2,875)	2,875	-
Transferred to Stage 2	(2,875)	2,875	-
Total charge to Income Statement:	3,354	87,397	90,751
New financial assets purchased	8,838	-	8,838
Financial assets that have been derecognised	(147)	(11,518)	(11,665)
Change in credit risk	(5,337)	98,915	93,578
Exchange fluctuation	(7)	-	(7)
At 31 March 2019	9,658	100,148	109,806

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	5,277,204	5,239,491	3,342,737	3,373,704
Term loans/financing				
- Housing loan/financing	89,394,032	87,236,765	59,374,990	58,990,334
- Syndicated term loan	15,796,482	17,141,144	13,846,590	15,112,637
- Other term loans/financing	111,096,630	107,298,306	63,744,954	61,858,970
- Factoring receivables	8,269	12,898	-	-
- Lease receivables	8,794	14,382	-	-
- Hire purchase receivables	20,039,661	19,656,618	7,573,426	7,718,440
Bills receivable	8,924,190	8,073,247	5,470,430	4,498,553
Trust receipts	2,024,561	1,981,916	1,113,255	962,837
Claim on customers under acceptance credit	4,039,803	3,927,566	2,938,194	2,811,046
Staff loans *	1,163,988	1,137,639	886,824	873,783
Credit card receivables	6,780,052	7,002,267	6,636,625	6,854,171
Revolving credit	28,146,931	29,260,753	21,301,316	22,380,454
Share margin financing	764,788	715,119	764,580	714,912
Gross loans, advances and financing, at amortised cost	293,465,385	288,698,111	186,993,921	186,149,841
Fair value changes arising from fair value hedges	26,656	30,104	(1,800)	(2,629)
	293,492,041	288,728,215	186,992,121	186,147,212
Less: Expected credit losses	(5,120,942)	(5,062,405)	(3,453,773)	(3,402,511)
Net loans, advances and financing at amortised cost	288,371,099	283,665,810	183,538,348	182,744,701
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	558,684	803,501	340,516	311,935
- Other term loans/financing	-	180	-	180
	558,684	803,681	340,516	312,115
Total net loans, advances and financing	288,929,783	284,469,491	183,878,864	183,056,816
Total gross loans, advances and financing				
- At amortised cost	293,465,385	288,698,111	186,993,921	186,149,841
- At fair value through profit or loss	558,684	803,681	340,516	312,115
	294,024,069	289,501,792	187,334,437	186,461,956

* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM4,902,743 (2018: RM6,367,622) and RM2,957,762 (2018: RM3,193,193) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM33,870,000 (2018: RM34,633,000) 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 RM3,477,072,000 (2018: RM3,492,615,000) and RM97,956,000 (2018: RM108,609,000) 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 2019, the gross carrying amount relating to RPSIA financing are RM6,599,348,000 (2018: RM6,907,549,000). The 12-month expected credit losses charged in the income statements of the Group and the Bank during the financial period amounting to RM87,752,000 (2018: RM25,658,000) respectively.

(d) Included in the loans, advances and financing of the Group and the Bank are financing which are disclosed as "Restricted Agency Investment Account" in the financial statements of CIMB Islamic. These details are as follows:

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Revolving credit	1,500,499	1,501,107	1,500,499	1,501,107
Other term loan	4,077,184	4,029,891	4,077,184	4,029,891
	<u>5,577,683</u>	<u>5,530,998</u>	<u>5,577,683</u>	<u>5,530,998</u>

Restricted Agency Investment Account ("RAIA") arrangement is with the Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where the Bank, solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
(ii) By type of customers				
Domestic banking institutions	11,807	11,488	2,660	1,902
Domestic non-bank financial institutions				
- stockbroking companies	2,927	162	2,927	162
- others	4,249,105	4,149,906	928,406	874,153
Domestic business enterprises				
- small medium enterprises	31,549,300	30,885,594	19,082,181	18,891,350
- others	43,494,435	43,578,110	22,983,302	22,780,722
Government and statutory bodies	10,126,418	10,188,407	4,783,152	4,871,089
Individuals	160,852,062	158,787,169	97,343,146	98,614,192
Other domestic entities	1,520,831	1,349,106	845,047	791,869
Foreign entities	42,217,184	40,551,850	41,363,616	39,636,517
Gross loans, advances and financing	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,856,256	2,780,262	1,672,593	1,648,905
- Hire purchase receivables	14,850,528	14,158,936	3,830,930	3,721,651
- Other fixed rate loans	27,640,790	28,276,568	16,007,585	16,508,430
Variable rate				
- BLR plus	91,073,323	92,036,504	71,020,061	72,506,407
- Cost-plus	54,341,908	53,788,742	37,128,108	36,243,254
- Other variable rates	103,261,264	98,460,780	57,675,160	55,833,309
Gross loans, advances and financing	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>
(iv) By economic purpose				
Personal use	12,700,706	12,694,905	7,848,661	7,764,931
Credit cards	6,780,052	7,002,267	6,636,625	6,854,171
Purchase of consumer durables	77,753	79,553	61,697	63,042
Construction	11,239,919	11,919,288	6,239,242	6,649,710
Residential property (housing)	91,905,277	89,943,811	61,148,219	61,004,546
Non-residential property	28,176,374	27,470,562	22,079,629	21,785,387
Purchase of fixed assets other than land and buildings	2,917,109	2,405,827	2,420,297	1,914,781
Mergers and acquisitions	2,572,652	2,648,296	2,549,570	2,626,781
Purchase of securities	26,728,811	25,756,162	13,661,505	13,607,530
Purchase of transport vehicles	20,400,823	20,107,369	7,659,368	7,828,697
Working capital	62,160,374	61,036,920	38,932,445	38,368,668
Other purposes	28,364,219	28,436,832	18,097,179	17,993,712
Gross loans, advances and financing	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
(v) By geographical distribution				
Malaysia	210,585,642	207,576,325	136,309,118	136,235,153
Indonesia	2,300,359	2,743,431	2,300,359	2,743,431
Thailand	33,204,088	30,773,434	3,603,861	1,868,648
Singapore	28,524,862	29,223,364	28,524,862	29,223,364
United Kingdom	5,040,573	4,852,136	4,951,183	4,852,136
Hong Kong	1,720,100	2,276,308	1,720,100	2,276,308
China	3,330,854	3,683,515	3,330,854	3,683,515
Other countries	9,317,591	8,373,279	6,594,100	5,579,401
Gross loans, advances and financing	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>
(vi) By economic sector				
Primary agriculture	7,756,807	7,814,502	5,372,526	5,451,108
Mining and quarrying	5,134,717	6,393,868	3,514,132	4,100,435
Manufacturing	14,879,938	13,123,785	8,613,833	6,910,656
Electricity, gas and water supply	4,127,109	3,835,856	2,345,802	2,124,389
Construction	12,430,601	12,611,880	9,476,335	9,741,153
Transport, storage and communications	9,989,168	10,353,540	5,335,417	6,123,614
Education, health and others	15,047,817	13,977,810	8,303,917	7,356,896
Wholesale and retail trade, and restaurants and hotels	22,918,028	21,253,884	16,466,455	14,923,282
Finance, insurance/takaful, real estate and business activities	37,732,489	38,082,448	26,621,155	27,070,052
Household	161,620,159	159,714,098	99,153,710	100,540,121
Others	2,387,236	2,340,121	2,131,155	2,120,250
	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>
(vii) By residual contractual maturity				
Within one year	73,459,410	76,634,280	54,447,607	57,391,231
One year to less than three years	23,215,483	19,028,312	15,333,948	10,687,324
Three years to less than five years	26,400,085	24,846,353	17,204,033	16,150,834
Five years and more	170,949,091	168,992,847	100,348,849	102,232,567
Gross loans, advances and financing	<u>294,024,069</u>	<u>289,501,792</u>	<u>187,334,437</u>	<u>186,461,956</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
(viii) Credit impaired loans, advances and financing by economic purpose				
Personal use	247,843	203,341	153,441	108,728
Credit cards	107,538	107,599	104,856	104,838
Purchase of consumer durables	959	715	639	379
Construction	1,361,309	1,363,018	1,136,680	1,137,777
Residential property (housing)	1,349,021	1,243,435	785,288	752,022
Non-residential property	341,157	299,477	236,761	238,450
Purchase of fixed assets other than land and buildings	52,762	27,185	50,333	27,110
Purchase of securities	133,760	136,610	132,398	135,125
Purchase of transport vehicles	210,176	214,068	99,642	104,790
Working capital	1,947,562	1,931,637	1,419,114	1,455,870
Merger and acquisition	50,348	51,242	50,348	51,242
Other purposes	770,072	738,825	32,226	18,220
Gross credit impaired loans, advances and financing	<u>6,572,507</u>	<u>6,317,152</u>	<u>4,201,726</u>	<u>4,134,551</u>
(ix) Credit impaired loans, advances and financing by geographical distribution				
Malaysia	3,787,507	3,533,099	3,160,086	3,093,066
Indonesia	162,246	160,389	162,246	160,389
Thailand	1,693,118	1,669,515	-	-
Singapore	701,809	676,323	701,809	676,323
United Kingdom	8,689	8,462	8,689	8,462
China	1,115	16,051	1,115	16,051
Other countries	218,023	253,313	167,781	180,260
Gross credit impaired loans, advances and financing	<u>6,572,507</u>	<u>6,317,152</u>	<u>4,201,726</u>	<u>4,134,551</u>
(x) Credit impaired loans, advances and financing by economic sector				
Primary agriculture	124,663	59,599	56,252	52,576
Mining and quarrying	1,002,295	1,005,998	997,218	1,003,220
Manufacturing	760,535	795,068	165,264	162,985
Electricity, gas and water supply	21,233	22,895	426	726
Construction	168,870	175,409	137,342	140,463
Transport, storage and communications	1,116,628	1,117,145	1,058,947	1,054,174
Education, health and others	174,796	174,597	97,614	100,631
Wholesale and retail trade, and restaurants and hotels	647,176	615,999	233,134	230,463
Finance, insurance/takaful, real estate and business activities	539,537	481,067	233,393	239,652
Household	2,009,279	1,861,832	1,214,643	1,142,120
Others	7,495	7,543	7,493	7,541
Gross credit impaired loans, advances and financing	<u>6,572,507</u>	<u>6,317,152</u>	<u>4,201,726</u>	<u>4,134,551</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	265,102	(180,055)	(85,047)	-	-
Transferred to Stage 1	352,508	(291,388)	(61,120)	-	-
Transferred to Stage 2	(86,523)	183,540	(97,017)	-	-
Transferred to Stage 3	(883)	(72,207)	73,090	-	-
Total charge to Income Statement:	(217,475)	204,736	314,898	-	302,159
New financial assets originated	181,691	3,319	17,079	-	202,089
Financial assets that have been derecognised	(75,287)	(11,079)	-	-	(86,366)
Writeback in respect of full recoveries	-	-	(38,106)	-	(38,106)
Change in credit risk	(323,879)	212,496	335,925	-	224,542
Write-offs	(162)	(20)	(253,637)	-	(253,819)
Exchange fluctuation	(338)	(45)	(994)	18	(1,359)
Other movements	1,572	(432)	10,416	-	11,556
At 31 March 2019	1,264,792	683,964	3,169,616	2,570	5,120,942

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-	2,464,883	1,773,511	4,238,394
Effect of adopting MFRS 9 and reclassification	1,025,503	763,907	3,355,289	7,561	(2,464,883)	(1,773,511)	913,866
Adjusted 1 January 2018	1,025,503	763,907	3,355,289	7,561	-	-	5,152,260
Changes in expected credit losses due to transferred within stages:	946,410	(800,647)	(145,763)	-	-	-	-
Transferred to Stage 1	1,370,646	(1,062,010)	(308,636)	-	-	-	-
Transferred to Stage 2	(370,278)	713,725	(343,447)	-	-	-	-
Transferred to Stage 3	(53,958)	(452,362)	506,320	-	-	-	-
Total charge to Income Statement:	(759,279)	679,858	1,186,919	(3,121)	-	-	1,104,377
New financial assets originated	619,018	12,505	79,382	-	-	-	710,905
Financial assets that have been derecognised	(397,046)	(101,080)	-	-	-	-	(498,126)
Writeback in respect of full recoveries	-	-	(144,189)	-	-	-	(144,189)
Change in credit risk	(981,251)	768,433	1,251,726	(3,121)	-	-	1,035,787
Write-offs	(1,931)	(225)	(1,005,614)	(2,011)	-	-	(1,009,781)
Exchange fluctuation	5,628	5,427	33,463	123	-	-	44,641
Transfer from related companies	49	51	792	-	-	-	892
Other movements	(287)	11,409	(241,106)	-	-	-	(229,984)
At 31 December 2018	1,216,093	659,780	3,183,980	2,552	-	-	5,062,405

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

(xi) Movements in the expected credit losses on loans, advances and financing are as follows: (Continued)

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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	759,401	443,493	2,199,617	3,402,511
Changes in expected credit losses due to transferred within stages:	151,493	(97,079)	(54,414)	-
Transferred to Stage 1	198,265	(159,857)	(38,408)	-
Transferred to Stage 2	(46,325)	109,252	(62,927)	-
Transferred to Stage 3	(447)	(46,474)	46,921	-
Total charge to Income Statement:	(113,074)	105,226	190,394	182,546
New financial assets originated	108,731	261	383	109,375
Financial assets that have been derecognised	(43,889)	(4,370)	-	(48,259)
Writeback in respect of full recoveries	-	-	(7,855)	(7,855)
Change in credit risk	(177,916)	109,335	197,866	129,285
Write-offs	(5)	(1)	(132,795)	(132,801)
Exchange fluctuation	(1,957)	(609)	(5,964)	(8,530)
Other movements	822	(194)	9,419	10,047
At 31 March 2019	796,680	450,836	2,206,257	3,453,773

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)	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
At 1 January 2018	-	-	-	1,643,137	974,541	2,617,678
Effect of adopting MFRS 9	702,566	478,824	2,239,192	(1,643,137)	(974,541)	802,904
Adjusted 1 January 2018	702,566	478,824	2,239,192	-	-	3,420,582
Changes in expected credit losses due to transferred within stages:	630,749	(496,364)	(134,385)	-	-	-
Transferred to Stage 1	883,127	(683,135)	(199,992)	-	-	-
Transferred to Stage 2	(202,020)	449,963	(247,943)	-	-	-
Transferred to Stage 3	(50,358)	(263,192)	313,550	-	-	-
Total charge to Income Statement:	(573,492)	455,651	638,798	-	-	520,957
New financial assets originated	339,194	1,228	24,879	-	-	365,301
Financial assets that have been derecognised	(251,885)	(66,123)	-	-	-	(318,008)
Writeback in respect of full recoveries	-	-	(37,808)	-	-	(37,808)
Change in credit risk	(660,801)	520,546	651,727	-	-	511,472
Write-offs	(706)	(99)	(581,855)	-	-	(582,660)
Exchange fluctuation	1,208	206	2,264	-	-	3,678
Transfer from related companies	49	51	792	-	-	892
Other movements	(973)	5,224	34,811	-	-	39,062
At 31 December 2018	759,401	443,493	2,199,617	-	-	3,402,511

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Group			Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000		
At 1 January 2019	6,309,599	7,553		6,317,152
Transfer within stages	614,748	-		614,748
New financial assets originated	72,255	-		72,255
Write-offs	(253,637)	-		(253,637)
Amount fully recovered	(73,884)	-		(73,884)
Other changes in loans, advances and financing	(101,462)	(19)		(101,481)
Exchange fluctuation	(2,700)	54		(2,646)
At 31 March 2019	6,564,919	7,588		6,572,507

	The Group			Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	
At 1 January 2018	-	-	6,188,099	6,188,099
Effect of adopting MFRS 9	6,301,507	9,431	(6,188,099)	122,839
Adjusted 1 January 2018	6,301,507	9,431	-	6,310,938
Transfer within stages	1,976,739	-	-	1,976,739
New financial assets originated	126,638	-	-	126,638
Write-offs	(1,005,614)	(2,011)	-	(1,007,625)
Amount fully recovered	(303,418)	-	-	(303,418)
Other changes in loans, advances and financing	(846,489)	(101)	-	(846,590)
Transfer from (to) related companies	2,788	-	-	2,788
Exchange fluctuation	57,448	234	-	57,682
At 31 December 2018	6,309,599	7,553	-	6,317,152

	The Group	
	31 Mar 2019	31 Dec 2018
Ratio of credit impaired loans to total loans, advances and financing	2.24%	2.18%

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	4,134,551	4,134,551
Transfer within stages	288,728	288,728
New financial assets originated	1,338	1,338
Write-offs	(132,795)	(132,795)
Amount fully recovered	(30,722)	(30,722)
Other changes in loans, advances and financing	(44,456)	(44,456)
Exchange fluctuation	(14,918)	(14,918)
At 31 March 2019	4,201,726	4,201,726

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired loans under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	3,930,558	3,930,558
Effect of adopting MFRS 9	3,930,558	(3,930,558)	-
Adjusted 1 January 2018	3,930,558	-	3,930,558
Transfer within stages	1,033,710	-	1,033,710
New financial assets originated	35,344	-	35,344
Write-offs	(581,855)	-	(581,855)
Amount fully recovered	(74,412)	-	(74,412)
Other changes in loans, advances and financing	(219,652)	-	(219,652)
Transfer from related companies	2,788	-	2,788
Exchange fluctuation	8,070	-	8,070
At 31 December 2018	4,134,551	-	4,134,551

	The Bank	
	31 Mar 2019	31 Dec 2018
Ratio of credit impaired loans to total loans, advances and financing	2.24%	2.22%

PART A - EXPLANATORY NOTES (CONTINUED)

A12. OTHER ASSETS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Foreclosed assets	107,838	108,874	-	-
Structured financing	997,631	1,187,605	997,631	1,187,605
Collateral pledged for derivative transactions	2,380,517	2,656,412	1,435,082	2,023,495
Other debtors, deposits and prepayments	5,105,190	4,174,484	4,771,557	3,441,709
	8,591,176	8,127,375	7,204,270	6,652,809

A13. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposit				
Demand deposits	66,971,681	66,259,516	51,599,446	52,910,611
Saving deposits	29,521,869	29,110,587	19,650,714	18,977,167
Fixed deposits	154,292,708	142,848,736	104,465,805	102,728,543
Negotiable instruments of deposit	102,154	364,258	-	-
Others	74,684,632	80,659,792	42,575,044	42,956,391
	325,573,044	319,242,889	218,291,009	217,572,712
(ii) By type of customer				
Government and statutory bodies	11,827,152	10,536,300	6,817,482	6,464,822
Business enterprises	128,706,304	124,783,764	90,798,656	84,977,377
Individuals	134,591,116	128,220,755	87,789,715	91,490,240
Others	50,448,472	55,702,070	32,885,156	34,640,273
	325,573,044	319,242,889	218,291,009	217,572,712
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	110,416,439	111,662,573	72,282,730	80,778,463
Six months to less than one year	41,115,635	29,451,170	31,560,658	21,210,128
One year to less than three years	2,551,322	1,982,700	346,434	658,519
Three years to less than five years	311,466	116,486	275,983	81,433
Five years and more	-	65	-	-
	154,394,862	143,212,994	104,465,805	102,728,543

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	786,517	1,769,270	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	21,350,789	16,325,226	20,295,667	16,937,369
Licensed finance companies	1,217,733	993,543	305,590	98,996
Licensed investment banks	115,160	211,519	115,160	182,086
Bank Negara Malaysia	7,405	292	7,405	292
Other financial institutions	1,322,676	1,777,276	1,102,911	557,548
	24,013,763	19,307,856	21,826,733	17,776,291

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

	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	23,007,408	18,575,404	21,438,225	17,310,411
Six months to less than one year	905,633	632,048	287,786	365,476
One year to less than three years	100,722	100,404	100,722	100,404
	24,013,763	19,307,856	21,826,733	17,776,291

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	1,035,906	1,355,488	1,010,466	1,333,570
Debentures	1,684,532	1,873,520	-	-
Bills payable	2,770,177	2,651,699	-	-
	5,490,615	5,880,707	1,010,466	1,333,570

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 March 2019 were RM115,066,000 (2018: RM147,262,000) and RM114,461,000 (2018: RM146,027,000) respectively lower than the contractual amount at maturity for the structured investments, RM15,681,000 (2018: RM31,214,000) lower than the contractual amount at maturity for the debentures and RM440,329,000 (2018: RM377,634,000) higher than the contractual amount at maturity for bills payable.

A17. OTHER LIABILITIES

	Note	The Group		The Bank	
		31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
		RM'000	RM'000	RM'000	RM'000
Due to brokers and clients		55,329	74,612	55,329	74,612
Accrued employee benefits		17,606	17,272	17,335	16,988
Post employment benefit obligations		280,763	218,692	94,307	36,202
Sundry creditors		3,177,383	494,341	2,961,835	418,284
Expenditure payable		1,172,165	1,396,403	899,095	1,088,103
Collateral for securities lending		281,122	85,213	281,122	85,213
Expected credit losses for loan commitments and financial guarantee contracts	A17(a)	404,463	466,067	277,075	299,628
Provision for legal claims		59,319	60,052	40,159	39,958
Credit card expenditure payable		123,896	119,226	117,575	113,060
Collateral received for derivative transactions		1,609,680	1,307,759	997,113	1,186,575
Structured deposits		4,386,852	4,190,189	4,349,538	4,156,011
Others		311,705	691,836	93,214	440,012
		11,880,283	9,121,662	10,183,697	7,954,646

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit	credit losses - not	credit losses	
	losses (Stage 1)	credit impaired	- Credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	304,736	57,189	104,142	466,067
Changes in expected credit losses due to transferred within stages:	55,057	(51,450)	(3,607)	-
Transferred to Stage 1	56,798	(53,456)	(3,342)	-
Transferred to Stage 2	(1,702)	4,031	(2,329)	-
Transferred to Stage 3	(39)	(2,025)	2,064	-
Total charge to Income Statement:	(84,752)	23,419	(567)	(61,900)
New exposures	28,586	705	40	29,331
Exposures derecognised or matured	(7,505)	(1,506)	(14,200)	(23,211)
Change in credit risk	(105,833)	24,220	13,593	(68,020)
Exchange fluctuation	(162)	(37)	629	430
Other movements	(550)	302	114	(134)
At 31 March 2019	274,329	29,423	100,711	404,463

The Group	12-month	Lifetime expected	Lifetime expected	Individual	Total
	expected credit	credit losses - not	credit losses	impairment	
	losses (Stage 1)	credit impaired	- Credit impaired	provision under	
	RM'000	RM'000	RM'000	MFRS 139	RM'000
At 1 January 2018	-	-	-	49,095	49,095
Effect of adopting MFRS 9	301,156	36,406	104,136	(49,095)	392,603
Adjusted 1 January 2018	301,156	36,406	104,136	-	441,698
Changes in expected credit losses due to transferred within stages:	119,855	(97,530)	(22,325)	-	-
Transferred to Stage 1	131,792	(109,522)	(22,270)	-	-
Transferred to Stage 2	(11,594)	19,166	(7,572)	-	-
Transferred to Stage 3	(343)	(7,174)	7,517	-	-
Total charge to Income Statement:	(116,683)	117,962	20,534	-	21,813
New exposures	127,526	1,355	1,128	-	130,009
Exposures derecognised or matured	(61,575)	(7,250)	(8,446)	-	(77,271)
Change in credit risk	(182,634)	123,857	27,852	-	(30,925)
Exchange fluctuation	504	79	1,712	-	2,295
Other movements	(96)	272	85	-	261
At 31 December 2018	304,736	57,189	104,142	-	466,067

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transferred within stages:	43,619	(40,174)	(3,445)	-
Transferred to Stage 1	44,944	(42,066)	(2,878)	-
Transferred to Stage 2	(1,317)	3,357	(2,040)	-
Transferred to Stage 3	(8)	(1,465)	1,473	-
Total charge to Income Statement:	(44,555)	12,731	9,630	(22,194)
New exposures	14,828	-	-	14,828
Exposures derecognised or matured	(4,962)	(1,372)	414	(5,920)
Change in credit risk	(54,421)	14,103	9,216	(31,102)
Exchange fluctuation	(216)	(28)	-	(244)
Other movements	(115)	-	-	(115)
At 31 March 2019	218,737	22,840	35,498	277,075

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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	229,214	32,214	46,492	307,920
Adjusted 1 January 2018	229,214	32,214	46,492	307,920
Changes in expected credit losses due to transferred within stages:	114,217	(91,353)	(22,864)	-
Transferred to Stage 1	124,505	(102,352)	(22,153)	-
Transferred to Stage 2	(9,959)	17,335	(7,376)	-
Transferred to Stage 3	(329)	(6,336)	6,665	-
Total charge to Income Statement:	(123,892)	109,435	5,600	(8,857)
New exposures	44,810	2	34	44,846
Exposures derecognised or matured	(16,690)	(6,416)	(5,716)	(28,822)
Change in credit risk	(152,012)	115,849	11,282	(24,881)
Exchange fluctuation	465	15	-	480
Other movements	-	-	85	85
At 31 December 2018	220,004	50,311	29,313	299,628

As at 31 March 2019, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM177,207,000 (2018: RM167,012,000) and RM105,107,000 (2018: RM90,472,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18. INTEREST INCOME

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Group				
Loans and advances				
- interest income	2,752,542	2,499,892	2,752,542	2,499,892
- unwinding income [^]	24,404	27,031	24,404	27,031
Money at call and deposits with financial institutions	157,981	153,862	157,981	153,862
Reverse repurchase agreements	77,004	35,397	77,004	35,397
Debt instruments at fair value through other comprehensive income	211,523	187,075	211,523	187,075
Debt instruments at amortised cost	268,596	268,197	268,596	268,197
Equity instruments at fair value through other comprehensive income	2,860	6,892	2,860	6,892
	<u>3,494,910</u>	<u>3,178,346</u>	<u>3,494,910</u>	<u>3,178,346</u>
Net accretion of discount less amortisation of premium	6,578	(1,881)	6,578	(1,881)
	<u>3,501,488</u>	<u>3,176,465</u>	<u>3,501,488</u>	<u>3,176,465</u>
The Bank				
Loans and advances				
- interest income	2,251,259	2,060,365	2,251,259	2,060,365
- unwinding income [^]	20,090	20,543	20,090	20,543
Money at call and deposits with financial institutions	226,542	222,935	226,542	222,935
Reverse repurchase agreements	76,183	31,896	76,183	31,896
Debt instruments at fair value through other comprehensive income	180,477	171,641	180,477	171,641
Debt instruments at amortised cost	265,713	264,333	265,713	264,333
Equity instruments at fair value through other comprehensive income	2,860	6,892	2,860	6,892
	<u>3,023,124</u>	<u>2,778,605</u>	<u>3,023,124</u>	<u>2,778,605</u>
Net accretion of discount less amortisation of premium	5,217	2,727	5,217	2,727
	<u>3,028,341</u>	<u>2,781,332</u>	<u>3,028,341</u>	<u>2,781,332</u>

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

A19. INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Group				
Financial assets at fair value through profit or loss	160,126	107,202	160,126	107,202
Reverse repurchase agreements at fair value through profit or loss	3,430	-	3,430	-
	<u>163,556</u>	<u>107,202</u>	<u>163,556</u>	<u>107,202</u>
Net accretion of discount less amortisation of premium	40,495	14,096	40,495	14,096
	<u>204,051</u>	<u>121,298</u>	<u>204,051</u>	<u>121,298</u>
The Bank				
Financial assets at fair value through profit or loss	131,510	95,958	131,510	95,958
Reverse repurchase agreements at fair value through profit or loss	3,430	-	3,430	-
	<u>134,940</u>	<u>95,958</u>	<u>134,940</u>	<u>95,958</u>
Net accretion of discount less amortisation of premium	42,697	15,578	42,697	15,578
	<u>177,637</u>	<u>111,536</u>	<u>177,637</u>	<u>111,536</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A20. INTEREST EXPENSE**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Group				
Deposits and placements of banks and other financial institutions	127,112	70,445	127,112	70,445
Deposits from other customers	1,361,124	1,178,466	1,361,124	1,178,466
Repurchase agreements	80,734	46,398	80,734	46,398
Financial liabilities designated at fair value through profit or loss	32,380	28,909	32,380	28,909
Negotiable certificates of deposits	22,792	18,522	22,792	18,522
Recourse obligation on loan and financing sold to Cagamas	34,725	30,640	34,725	30,640
Bonds, Sukuk and debentures	108,929	90,287	108,929	90,287
Subordinated obligations	135,712	125,666	135,712	125,666
Other borrowings	44,112	33,622	44,112	33,622
Structured deposits	29,255	23,313	29,255	23,313
Lease liabilities	7,267	-	7,267	-
Others	3,953	-	3,953	-
	1,988,095	1,646,268	1,988,095	1,646,268
The Bank				
Deposits and placements of banks and other financial institutions	116,866	64,649	116,866	64,649
Deposits from other customers	1,263,525	1,102,974	1,263,525	1,102,974
Repurchase agreements	60,734	46,358	60,734	46,358
Financial liabilities designated at fair value through profit or loss	12,782	18,753	12,782	18,753
Negotiable certificates of deposits	22,016	17,548	22,016	17,548
Recourse obligation on loan and financing sold to Cagamas	34,725	30,640	34,725	30,640
Bonds and debentures	100,360	78,485	100,360	78,485
Subordinated obligations	126,948	117,991	126,948	117,991
Other borrowings	51,390	38,819	51,390	38,819
Structured deposits	29,255	23,313	29,255	23,313
Lease liabilities	6,557	-	6,557	-
Others	17	-	17	-
	1,825,175	1,539,530	1,825,175	1,539,530

PART A - EXPLANATORY NOTES (CONTINUED)

A21. NET NON-INTEREST INCOME

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Group				
Net fee and commission income				
Commissions	141,907	229,253	141,907	229,253
Fee on loans and advances	121,355	122,090	121,355	122,090
Service charges and fees	124,767	134,406	124,767	134,406
Guarantee fees	15,011	12,748	15,011	12,748
Other fee income	66,012	72,935	66,012	72,935
Fee and commission income	469,052	571,432	469,052	571,432
Fee and commission expense	(130,939)	(131,575)	(130,939)	(131,575)
Net fee and commission income	338,113	439,857	338,113	439,857
Gross dividend income from:				
Financial assets at fair value through profit or loss	2,995	3,452	2,995	3,452
Equity instruments at fair value through other comprehensive income	166	968	166	968
	3,161	4,420	3,161	4,420
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	(299,116)	124,069	(299,116)	124,069
- unrealised	430,384	(391,933)	430,384	(391,933)
	131,268	(267,864)	131,268	(267,864)
Net gain/(loss) arising from derivative financial instrument				
- realised	118,973	(670,514)	118,973	(670,514)
- unrealised	(47,449)	645,170	(47,449)	645,170
	71,524	(25,344)	71,524	(25,344)
Net gain arising from loans, advances and financing designated at fair value through profit or loss				
- unrealised	1,071	-	1,071	-
	1,071	-	1,071	-
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss				
- realised	(11,968)	(8,956)	(11,968)	(8,956)
- unrealised	(81,889)	27,639	(81,889)	27,639
	(93,857)	18,683	(93,857)	18,683
Net gain/(loss) arising from hedging activities	6,374	(14,994)	6,374	(14,994)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	30,898	22,766	30,898	22,766
Other non-interest income				
Foreign exchange gain	185,237	563,245	185,237	563,245
Rental income	2,920	1,692	2,920	1,692
Gain on disposal of property, plant and equipment/assets held for sale	4,814	9,925	4,814	9,925
Loss on disposal of foreclosed assets	(29,586)	(20,879)	(29,586)	(20,879)
Others	30,945	15,149	30,945	15,149
	194,330	569,132	194,330	569,132
	682,882	746,656	682,882	746,656

PART A - EXPLANATORY NOTES (CONTINUED)

A21. NET NON-INTEREST INCOME (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Bank				
Net fee and commission income				
Commissions	105,749	198,553	105,749	198,553
Fee on loans and advances	116,190	120,491	116,190	120,491
Service charges and fees	106,673	115,492	106,673	115,492
Guarantee fees	11,812	10,205	11,812	10,205
Other fee income	212,113	58,482	212,113	58,482
Fee and commission income	552,537	503,223	552,537	503,223
Fee and commission expense	(119,946)	(122,717)	(119,946)	(122,717)
Net fee and commission income	432,591	380,506	432,591	380,506
Gross dividend income from:				
Financial assets at fair value through profit or loss	2,995	3,268	2,995	3,268
Equity instruments at fair value through other comprehensive income	-	950	-	950
	2,995	4,218	2,995	4,218
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	(337,161)	134,958	(337,161)	134,958
- unrealised	437,736	(383,530)	437,736	(383,530)
	100,575	(248,572)	100,575	(248,572)
Net gain/(loss) arising from derivative financial instrument				
- realised	336,385	(718,620)	336,385	(718,620)
- unrealised	(334,526)	627,180	(334,526)	627,180
	1,859	(91,440)	1,859	(91,440)
Net gain arising from loans, advances and financing designated at fair value through profit or loss				
- unrealised	1,071	-	1,071	-
	1,071	-	1,071	-
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	745	(1,303)	745	(1,303)
- unrealised	(5,515)	(7,011)	(5,515)	(7,011)
	(4,770)	(8,314)	(4,770)	(8,314)
Net gain/(loss) arising from hedging activities	7,026	(13,441)	7,026	(13,441)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	25,420	20,863	25,420	20,863
Other non-interest income				
Foreign exchange gain	175,170	606,114	175,170	606,114
Rental income	2,979	1,050	2,979	1,050
Gain on disposal of property, plant and equipment/assets held for sale	4,244	9,100	4,244	9,100
Others	5,634	9,100	5,634	9,100
	188,027	625,364	188,027	625,364
	754,794	669,184	754,794	669,184

PART A - EXPLANATORY NOTES (CONTINUED)

A22. OVERHEADS

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	766,372	697,098	766,372	697,098
- Pension costs (defined contribution plan)	79,860	73,499	79,860	73,499
- Pension costs (defined benefit plan)	5,752	4,896	5,752	4,896
- Overtime	3,636	3,842	3,636	3,842
- Staff incentives and other staff payments	42,489	46,863	42,489	46,863
- Medical expenses	23,675	22,481	23,675	22,481
- Others	19,949	15,966	19,949	15,966
	<u>941,733</u>	<u>864,645</u>	<u>941,733</u>	<u>864,645</u>
Establishment costs				
- Depreciation of property, plant and equipment	41,058	44,637	41,058	44,637
- Amortisation of prepaid lease payments	3	3	3	3
- Depreciation of right-of-use assets	48,879	-	48,879	-
- Rental	20,790	77,783	20,790	77,783
- Amortisation of intangible assets	51,717	55,906	51,717	55,906
- Repair and maintenance	100,753	85,372	100,753	85,372
- Outsourced services	22,228	17,144	22,228	17,144
- Security expenses	23,819	19,597	23,819	19,597
- Others	41,227	21,767	41,227	21,767
	<u>350,474</u>	<u>322,209</u>	<u>350,474</u>	<u>322,209</u>
Marketing expenses				
- Sales commission	1,756	994	1,756	994
- Advertisement	24,213	27,894	24,213	27,894
- Others	10,986	8,080	10,986	8,080
	<u>36,955</u>	<u>36,968</u>	<u>36,955</u>	<u>36,968</u>
Administration and general expenses				
- Communication	6,657	5,457	6,657	5,457
- Consultancy and professional fees	22,275	11,425	22,275	11,425
- Legal expenses	5,744	2,106	5,744	2,106
- Stationery	7,410	6,484	7,410	6,484
- Postages	10,705	11,580	10,705	11,580
- Administrative travelling and vehicle expenses	7,672	9,616	7,672	9,616
- Incidental expenses on banking operations	12,161	12,595	12,161	12,595
- Insurance	48,301	42,339	48,301	42,339
- Others	124,560	73,167	124,560	73,167
	<u>245,485</u>	<u>174,769</u>	<u>245,485</u>	<u>174,769</u>
Shared service cost	-	15,016	-	15,016
	<u>1,574,647</u>	<u>1,413,607</u>	<u>1,574,647</u>	<u>1,413,607</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. OVERHEADS (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	598,100	557,939	598,100	557,939
- Pension costs (defined contribution plan)	73,321	67,278	73,321	67,278
- Overtime	2,270	2,460	2,270	2,460
- Staff incentives and other staff payments	38,895	33,082	38,895	33,082
- Medical expenses	22,316	21,267	22,316	21,267
- Others	10,565	5,942	10,565	5,942
	<u>745,467</u>	<u>687,968</u>	<u>745,467</u>	<u>687,968</u>
Establishment costs				
- Depreciation of property, plant and equipment	29,687	34,734	29,687	34,734
- Depreciation of right-of-use assets	41,743	-	41,743	-
- Rental	13,110	64,391	13,110	64,391
- Amortisation of intangible assets	43,624	50,172	43,624	50,172
- Repair and maintenance	92,291	77,917	92,291	77,917
- Outsourced services	18,135	15,991	18,135	15,991
- Security expenses	22,374	19,629	22,374	19,629
- Others	32,031	16,199	32,031	16,199
	<u>292,995</u>	<u>279,033</u>	<u>292,995</u>	<u>279,033</u>
Marketing expenses				
- Sales commission	351	358	351	358
- Advertisement	18,063	25,764	18,063	25,764
- Others	8,858	7,510	8,858	7,510
	<u>27,272</u>	<u>33,632</u>	<u>27,272</u>	<u>33,632</u>
Administration and general expenses				
- Communication	5,162	4,056	5,162	4,056
- Consultancy and professional fees	16,246	10,741	16,246	10,741
- Legal expenses	3,061	252	3,061	252
- Stationery	5,423	4,696	5,423	4,696
- Postages	8,999	9,515	8,999	9,515
- Administrative travelling and vehicle expenses	5,368	7,121	5,368	7,121
- Incidental expenses on banking operations	7,928	8,509	7,928	8,509
- Insurance	10,382	9,368	10,382	9,368
- Others	121,799	55,949	121,799	55,949
	<u>184,368</u>	<u>110,207</u>	<u>184,368</u>	<u>110,207</u>
Shared service cost	-	(109,129)	-	(109,129)
	<u>1,250,102</u>	<u>1,001,711</u>	<u>1,250,102</u>	<u>1,001,711</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A23(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	302,159	241,732	302,159	241,732
Credit impaired:				
- recovered	(97,332)	(102,618)	(97,332)	(102,618)
- written off	3,057	3,994	3,057	3,994
	<u>207,884</u>	<u>143,108</u>	<u>207,884</u>	<u>143,108</u>
The Bank				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	182,546	55,458	182,546	55,458
Credit impaired:				
- recovered	(43,781)	(57,831)	(43,781)	(57,831)
- written off	2,489	3,022	2,489	3,022
	<u>141,254</u>	<u>649</u>	<u>141,254</u>	<u>649</u>

A23(b). OTHER EXPECTED CREDIT LOSSES

	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses (written-back)/made on:				
- Debt instrument at fair value through other comprehensive income	(1,280)	13,286	(1,280)	13,286
- Debt instrument at amortised cost	1,358	2,299	1,358	2,299
- Money at call and deposits and placements with banks and other financial institutions	(577)	(735)	(577)	(735)
- Other receivables	(1,459)	(1,176)	(1,459)	(1,176)
	<u>(1,958)</u>	<u>13,674</u>	<u>(1,958)</u>	<u>13,674</u>
The Bank				
Expected credit losses (written-back)/made on:				
- Debt instrument at fair value through other comprehensive income	(1,431)	11,864	(1,431)	11,864
- Debt instrument at amortised cost	1,066	2,321	1,066	2,321
- Money at call and deposits and placements with banks and other financial institutions	(453)	(892)	(453)	(892)
- Other receivables	382	23	382	23
	<u>(436)</u>	<u>13,316</u>	<u>(436)</u>	<u>13,316</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A24. 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 March 2019	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	30,812,105	300,240	(518,548)	24,154,203	185,617	(472,943)
- less than one year	25,651,826	209,527	(269,177)	20,711,385	148,079	(249,207)
- one year to three years	4,086,260	75,905	(149,023)	2,861,368	35,458	(125,066)
- more than three years	1,074,019	14,808	(100,348)	581,450	2,080	(98,670)
Currency swaps	321,123,307	1,450,186	(1,608,783)	199,993,423	546,737	(487,667)
- less than one year	317,591,259	1,364,164	(1,569,793)	197,267,475	514,684	(452,486)
- one year to three years	2,980,039	73,692	(38,128)	2,218,444	22,859	(34,675)
- more than three years	552,009	12,330	(862)	507,504	9,194	(506)
Currency spots	5,632,483	5,822	(4,587)	3,815,603	4,170	(2,937)
- less than one year	5,632,483	5,822	(4,587)	3,815,603	4,170	(2,937)
Currency options	14,015,242	244,328	(263,560)	13,903,357	247,951	(267,457)
- less than one year	11,319,339	86,707	(77,216)	11,207,454	90,330	(81,113)
- one year to three years	2,590,998	147,590	(161,841)	2,590,998	147,590	(161,841)
- more than three years	104,905	10,031	(24,503)	104,905	10,031	(24,503)
Cross currency interest rate swaps	91,603,249	2,675,469	(1,958,329)	36,125,096	1,624,917	(1,235,131)
- less than one year	26,718,805	494,175	(170,150)	6,509,188	274,637	(320,666)
- one year to three years	27,912,206	1,071,987	(816,609)	17,718,344	713,408	(458,145)
- more than three years	36,972,238	1,109,307	(971,570)	11,897,564	636,872	(456,320)
	463,186,386	4,676,045	(4,353,807)	277,991,682	2,609,392	(2,466,135)
<u>Interest rate derivatives</u>						
Interest rate swaps	570,504,125	2,693,297	(2,232,877)	271,712,589	1,282,890	(1,139,456)
- less than one year	231,426,335	218,881	(349,183)	89,668,269	120,243	(92,234)
- one year to three years	193,630,286	632,986	(546,685)	115,145,264	487,987	(419,968)
- more than three years	145,447,504	1,841,430	(1,337,009)	66,899,056	674,660	(627,254)
Interest rate futures	4,920,217	3,116	(11,971)	4,920,217	3,116	(11,971)
- less than one year	3,769,234	2,756	(10,877)	3,769,234	2,756	(10,877)
- one year to three years	1,150,983	360	(1,094)	1,150,983	360	(1,094)
Interest rate options	519,676	3,936	(10,708)	1,292,479	11,327	(11,478)
- less than one year	385,592	-	(7,533)	1,285,309	11,325	(11,469)
- one year to three years	7,170	2	(9)	7,170	2	(9)
- more than three years	126,914	3,934	(3,166)	-	-	-
	575,944,018	2,700,349	(2,255,556)	277,925,285	1,297,333	(1,162,905)
<u>Equity related derivatives</u>						
Equity swaps	896,739	714	(1,830)	896,739	714	(1,830)
- less than one year	7,201	55	-	7,201	55	-
- one year to three years	50,000	3	(1,372)	50,000	3	(1,372)
- more than three years	839,538	656	(458)	839,538	656	(458)
Equity options	4,672,966	113,051	(101,459)	4,091,979	108,086	(96,736)
- less than one year	3,821,988	55,820	(94,364)	3,648,298	54,719	(93,263)
- one year to three years	783,346	57,231	(7,095)	376,049	53,367	(3,473)
- more than three years	67,632	-	-	67,632	-	-
Equity futures	14,864	57	(15)	14,864	57	(15)
- less than one year	14,864	57	(15)	14,864	57	(15)
Index futures	58,620	274	(637)	58,620	274	(637)
- less than one year	58,620	274	(637)	58,620	274	(637)
	5,643,189	114,096	(103,941)	5,062,202	109,131	(99,218)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2019	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,788,882	199,522	(230,047)	2,788,885	199,522	(230,053)
- less than one year	2,217,366	126,407	(166,553)	2,217,369	126,407	(166,559)
- one year to three years	571,516	73,115	(63,494)	571,516	73,115	(63,494)
Commodity futures	3,190,878	158,105	(52,428)	3,190,878	158,105	(52,428)
- less than one year	3,190,878	158,105	(52,428)	3,190,878	158,105	(52,428)
Commodity options	3,503,373	143,522	(144,849)	3,503,373	143,522	(144,849)
- less than one year	3,503,373	143,522	(144,849)	3,503,373	143,522	(144,849)
	9,483,133	501,149	(427,324)	9,483,136	501,149	(427,330)
<u>Credit related derivatives</u>						
Credit default swaps	3,049,648	34,113	(22,035)	3,050,188	34,077	(24,983)
- less than one year	194,272	304	(63)	194,272	304	(63)
- one year to three years	396,971	6,866	(392)	396,971	6,866	(392)
- more than three years	2,458,405	26,943	(21,580)	2,458,945	26,907	(24,528)
Total return swaps	289,775	7,302	(8,419)	289,775	7,302	(8,419)
- one year to three years	269,025	7,302	(7,844)	269,025	7,302	(7,844)
- more than three years	20,750	-	(575)	20,750	-	(575)
	3,339,423	41,415	(30,454)	3,339,963	41,379	(33,402)
<u>Bond contract</u>						
Bond forward	2,388,855	2,285	(74,626)	120,000	-	(6,090)
- less than one year	763,557	-	(25,762)	-	-	-
- one year to three years	1,017,648	801	(33,196)	-	-	-
- more than three years	607,650	1,484	(15,668)	120,000	-	(6,090)
<u>Hedging derivatives</u>						
Currency swaps	8,719,298	46,720	(229,877)	4,953,852	32,013	(3,436)
- less than one year	5,861,067	32,013	(119,074)	4,953,852	32,013	(3,436)
- one year to three years	1,142,307	-	(65,412)	-	-	-
- more than three years	1,715,924	14,707	(45,391)	-	-	-
Cross currency interest rate swaps	1,385,046	4,268	(79,232)	1,385,046	4,268	(79,232)
- less than one year	930,613	2,764	(79,232)	930,613	2,764	(79,232)
- one year to three years	454,433	1,504	-	454,433	1,504	-
Interest rate swaps	26,453,170	181,737	(307,676)	29,498,631	251,357	(306,492)
- less than one year	2,109,645	786	(18,518)	3,484,645	17,573	(18,518)
- one year to three years	10,496,826	55,681	(68,782)	12,396,826	108,514	(68,782)
- more than three years	13,846,699	125,270	(220,376)	13,617,160	125,270	(219,192)
Total derivatives assets/(liabilities)	1,096,542,518	8,268,064	(7,862,493)	609,759,797	4,846,022	(4,584,240)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2018	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	31,731,634	362,118	(526,124)	23,712,541	274,835	(455,071)
- less than one year	26,290,010	268,666	(256,947)	19,940,942	221,281	(205,353)
- one year to three years	4,415,655	79,877	(164,953)	3,156,715	50,734	(147,211)
- more than three years	1,025,969	13,575	(104,224)	614,884	2,820	(102,507)
Currency swaps	278,087,968	1,484,488	(1,795,874)	127,891,512	463,486	(548,747)
- less than one year	275,077,648	1,405,852	(1,764,447)	125,765,483	432,827	(518,382)
- one year to three years	2,853,624	67,050	(30,522)	2,000,172	21,858	(29,460)
- more than three years	156,696	11,586	(905)	125,857	8,801	(905)
Currency spots	3,787,740	4,793	(5,093)	3,261,022	4,395	(3,841)
- less than one year	3,787,740	4,793	(5,093)	3,261,022	4,395	(3,841)
Currency options	10,213,346	370,369	(386,353)	10,071,347	367,458	(386,323)
- less than one year	7,324,702	180,424	(168,729)	7,182,703	177,513	(168,699)
- one year to three years	2,652,525	166,094	(175,365)	2,652,525	166,094	(175,365)
- more than three years	236,119	23,851	(42,259)	236,119	23,851	(42,259)
Cross currency interest rate swaps	84,335,765	2,354,502	(1,862,775)	35,451,698	1,734,620	(1,338,773)
- less than one year	25,773,443	334,099	(239,928)	6,871,144	361,198	(407,753)
- one year to three years	23,654,146	952,830	(721,391)	15,742,682	696,217	(423,187)
- more than three years	34,908,176	1,067,573	(901,456)	12,837,872	677,205	(507,833)
	408,156,453	4,576,270	(4,576,219)	200,388,120	2,844,794	(2,732,755)
<u>Interest rate derivatives</u>						
Interest rate swaps	522,978,123	2,308,247	(1,768,862)	263,896,989	1,258,609	(1,001,249)
- less than one year	207,231,287	208,372	(238,629)	85,092,750	142,142	(106,002)
- one year to three years	179,671,260	650,195	(579,326)	114,113,785	518,563	(452,453)
- more than three years	136,075,576	1,449,680	(950,907)	64,690,454	597,904	(442,794)
Interest rate futures	6,978,479	5,898	(21,010)	6,978,479	5,898	(21,010)
- less than one year	4,603,554	5,665	(20,468)	4,603,554	5,665	(20,468)
- one year to three years	2,374,925	233	(542)	2,374,925	233	(542)
Interest rate options	771,502	3	(13,457)	1,538,253	14,590	(10,942)
- less than one year	637,913	-	(10,938)	1,530,990	14,587	(10,938)
- one year to three years	7,263	3	(4)	7,263	3	(4)
- more than three years	126,326	-	(2,515)	-	-	-
	530,728,104	2,314,148	(1,803,329)	272,413,721	1,279,097	(1,033,201)
<u>Equity related derivatives</u>						
Equity swaps	2,987,106	1,116	(6,767)	2,987,106	1,116	(6,767)
- less than one year	7,011	-	(6,669)	7,011	-	(6,669)
- one year to three years	2,140,897	565	-	2,140,897	565	-
- more than three years	839,198	551	(98)	839,198	551	(98)
Equity options	5,968,449	225,269	(139,908)	5,431,794	223,539	(138,178)
- less than one year	5,044,944	168,853	(133,720)	4,863,332	168,770	(133,637)
- one year to three years	834,087	56,416	(6,188)	479,044	54,769	(4,541)
- more than three years	89,418	-	-	89,418	-	-
Equity futures	48,300	26	(332)	48,300	26	(332)
- less than one year	48,300	26	(332)	48,300	26	(332)
Index futures	10,904	56	(12)	10,904	56	(12)
- less than one year	10,904	56	(12)	10,904	56	(12)
	9,014,759	226,467	(147,019)	8,478,104	224,737	(145,289)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2018	-			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,330,619	818,476	(266,305)	3,325,519	818,465	(266,305)
- less than one year	2,417,015	289,239	(224,109)	2,411,915	289,228	(224,109)
- one year to three years	913,604	529,237	(42,196)	913,604	529,237	(42,196)
Commodity futures	3,705,140	10,981	(487,983)	3,705,140	10,981	(487,983)
- less than one year	3,705,140	10,981	(487,983)	3,705,140	10,981	(487,983)
Commodity options	5,515,624	227,863	(213,889)	5,515,624	227,863	(213,889)
- less than one year	5,468,720	227,855	(213,881)	5,468,720	227,855	(213,881)
- one year to three years	46,904	8	(8)	46,904	8	(8)
	12,551,383	1,057,320	(968,177)	12,546,283	1,057,309	(968,177)
<u>Credit related derivatives</u>						
Credit default swaps	2,962,199	30,284	(13,569)	2,963,326	30,223	(15,034)
- less than one year	197,015	741	(430)	197,015	741	(430)
- one year to three years	588,687	10,568	(307)	588,687	10,568	(307)
- more than three years	2,176,497	18,975	(12,832)	2,177,624	18,914	(14,297)
Total return swaps	512,776	7,929	(7,396)	512,776	7,929	(7,396)
- less than one year	221,801	1,581	-	221,801	1,581	-
- one year to three years	270,225	6,348	(6,869)	270,225	6,348	(6,869)
- more than three years	20,750	-	(527)	20,750	-	(527)
	3,474,975	38,213	(20,965)	3,476,102	38,152	(22,430)
<u>Bond Forward</u>						
	2,474,820	6,791	(49,080)	120,000	972	(1,128)
- Up to 1 year	598,899	1,052	(13,002)	-	-	-
- More than 1 year to 3 years	1,118,794	2,089	(23,543)	-	-	-
- More than 3 years	757,127	3,650	(12,535)	120,000	972	(1,128)
<u>Hedging derivatives</u>						
Currency swaps	4,713,524	10,550	(14,250)	4,713,524	10,550	(14,250)
- less than one year	4,713,524	10,550	(14,250)	4,713,524	10,550	(14,250)
Cross currency interest rate swaps	5,065,485	18,033	(317,472)	1,401,816	239	(92,332)
- less than one year	1,851,258	239	(205,787)	940,072	239	(88,307)
- one year to three years	1,607,773	-	(66,911)	461,744	-	(4,025)
- more than three years	1,606,454	17,794	(44,774)	-	-	-
Interest rate swaps	26,027,241	83,067	(321,600)	28,984,013	134,059	(320,144)
- less than one year	2,018,786	566	(23,323)	3,393,786	22,009	(23,323)
- one year to three years	8,288,223	34,338	(38,219)	10,188,223	66,513	(38,219)
- more than three years	15,720,232	48,163	(260,058)	15,402,004	45,537	(258,602)
Total derivatives assets/(liabilities)	1,002,206,744	8,330,859	(8,218,111)	532,521,683	5,589,909	(5,329,706)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. 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 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM8,268,064,000 and RM4,846,022,000 respectively (31 December 2018: RM8,330,859,000 and RM5,589,909 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 2019, the Group and the Bank has posted cash collateral of RM2,380,517,000 and RM1,435,082,000 respectively (31 December 2018: RM2,656,412,000 and RM2,023,495,000 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 2018.

PART A - EXPLANATORY NOTES (CONTINUED)

A25. COMMITMENTS AND CONTINGENCIES

	31 Mar 2019	31 Dec 2018
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	2,946,873	2,850,171
Transaction-related contingent items	6,951,821	6,697,062
Short-term self-liquidating trade-related contingencies	3,839,906	3,432,622
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	59,400,790	57,988,581
- maturity exceeding one year	32,115,135	32,058,573
Miscellaneous commitments and contingencies	2,644,198	936,980
Total credit-related commitments and contingencies	107,898,723	103,963,989
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	393,705,392	344,818,325
- one year to five years	61,205,557	53,674,770
- more than five years	18,379,781	19,442,367
	473,290,730	417,935,462
Interest rate related contracts :		
- less than one year	237,690,806	214,491,540
- one year to five years	299,920,704	278,632,531
- more than five years	64,785,678	63,631,274
	602,397,188	556,755,345
Equity related contracts:		
- less than one year	3,902,673	5,111,159
- one year to five years	1,056,616	3,223,895
- more than five years	683,900	679,705
	5,643,189	9,014,759
Credit related contracts:		
- less than one year	194,272	418,816
- one year to five years	1,183,437	2,103,245
- more than five years	1,961,714	952,914
	3,339,423	3,474,975
Commodity related contracts:		
- less than one year	8,911,617	11,590,875
- one year to five years	571,516	960,508
	9,483,133	12,551,383
Bond contracts:		
- less than one year	763,557	598,899
- one year to five years	1,505,298	1,755,921
- more than five years	120,000	120,000
	2,388,855	2,474,820
Total treasury-related commitments and contingencies	1,096,542,518	1,002,206,744
	1,204,441,241	1,106,170,733

PART A - EXPLANATORY NOTES (CONTINUED)

A25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	31 Mar 2019	31 Dec 2018
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	2,669,830	2,556,594
Transaction-related contingent items	4,536,950	4,513,638
Short-term self-liquidating trade-related contingencies	3,204,995	2,788,793
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	46,761,321	44,625,327
- maturity exceeding one year	24,124,789	23,968,970
Miscellaneous commitments and contingencies	821,088	696,537
Total credit-related commitments and contingencies	<u>82,118,973</u>	<u>79,149,859</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	245,395,570	168,674,890
- one year to five years	34,701,332	32,491,572
- more than five years	4,233,678	5,336,998
	<u>284,330,580</u>	<u>206,503,460</u>
Interest rate related contracts :		
- less than one year	98,207,457	94,621,080
- one year to five years	177,620,011	174,294,737
- more than five years	31,596,448	32,481,917
	<u>307,423,916</u>	<u>301,397,734</u>
Equity related contracts:		
- less than one year	3,728,983	4,929,547
- one year to five years	649,319	2,868,852
- more than five years	683,900	679,705
	<u>5,062,202</u>	<u>8,478,104</u>
Credit related contracts:		
- less than one year	194,272	418,816
- one year to five years	1,183,437	2,103,245
- more than five years	1,962,254	954,041
	<u>3,339,963</u>	<u>3,476,102</u>
Commodity related contracts:		
- less than one year	8,911,620	11,585,775
- one year to five years	571,516	960,508
	<u>9,483,136</u>	<u>12,546,283</u>
Bond contracts:		
- more than five years	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
Total treasury-related commitments and contingencies	<u>609,759,797</u>	<u>532,521,683</u>
	<u>691,878,770</u>	<u>611,671,542</u>

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer to Note A11(d) for more details) as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	700,000	700,000	700,000	700,000
	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework ("CAF") (Capital Components)/Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components), of which the latest revision was issued on 2 February 2018. The revised guidelines took effect on 1 January 2018 and 1 January 2019 for all banking institutions and financial holding companies respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The 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) Notification No. FPG. 9/2561 issued on 17 July 2018. 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. SorNorSor. 12/2555 - The supervisory capital funds of commercial banks" dated 8 November 2012. 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 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017. 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 2019 - Basel III

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

	The Group	The Bank*
Common equity tier 1 ratio	12.600%	11.963%
Tier 1 ratio	13.655%	13.351%
Total capital ratio	<u>17.487%</u>	<u>17.943%</u>

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 2018. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk ⁽¹⁾	208,666,568	142,321,210
Market risk	17,338,657	12,135,709
Large exposure risk requirements	906,666	906,666
Operational risk	21,135,869	14,910,362
Total risk-weighted assets	<u>248,047,760</u>	<u>170,273,947</u>

- ⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account are as follows:

	The Group	The Bank*
	RM'000	RM'000
Under Restricted Agency Investment Account arrangement	325,544	325,544
	<u>325,544</u>	<u>325,544</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

31 March 2019 - 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	20,088,345	20,088,345
Other reserves	19,582,256	12,292,472
Qualifying non-controlling interests	152,979	-
Common Equity Tier I capital before regulatory adjustments	<u>39,823,580</u>	<u>32,380,817</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,224,459)	(3,555,075)
Intangible assets	(938,741)	(798,560)
Deferred tax assets	(801,201)	(584,273)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,852,216)
Regulatory reserve	(1,604,691)	(1,219,222)
Others	(1,601)	(2,433)
Common Equity Tier I capital after regulatory adjustments	<u>31,252,887</u>	<u>20,369,038</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,400,000	2,400,000
Qualifying capital instruments held by third parties	32,287	-
Additional Tier I capital before regulatory adjustments	<u>2,632,287</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(15,292)	(235,292)
Additional Tier I capital after regulatory adjustments	<u>2,616,995</u>	<u>2,364,708</u>
Total Tier I capital	<u>33,869,882</u>	<u>22,733,746</u>
Tier II capital		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	404,466	-
Surplus eligible provisions over expected loss	508,006	722,109
General provisions ^	665,128	274,622
Tier II capital before regulatory adjustments	<u>9,507,340</u>	<u>8,926,471</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(1,107,303)
Total Tier II capital	<u>9,507,340</u>	<u>7,819,168</u>
Total capital	<u>43,377,222</u>	<u>30,552,914</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	12.531%	13.005%	N/A	N/A
Tier 1 ratio	12.997%	13.005%	N/A	N/A
Total capital ratio	<u>15.035%</u>	<u>18.223%</u>	<u>16.119%</u>	<u>124.745%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

31 December 2018 - 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	13.357%	12.914%
Tier I ratio	14.444%	14.342%
Total capital ratio	<u>18.302%</u>	<u>19.035%</u>
After deducting proposed dividend		
Common equity tier I ratio	12.887%	12.230%
Tier I ratio	13.974%	13.659%
Total capital ratio	<u>17.832%</u>	<u>18.351%</u>

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

CIMB Group successful completed its twelfth DRS for the first interim dividend in respect of the financial year ended 31 December 2018. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM974 million and an additional equity injection of RM226 million into CIMB Bank via rights issue which was completed on 21 December 2018.

CIMB Group's second interim dividend in respect of the financial year ended 31 December 2018 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 ⁽¹⁾	203,544,033	139,780,748
Market risk	16,395,328	10,773,681
Large exposure risk requirements	881,647	881,647
Operational risk	20,794,460	14,727,726
Total risk-weighted assets	<u>241,615,468</u>	<u>166,163,802</u>

(1) The RWA for credit risk relating to the Restricted Agency Investment Account are as follows:

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	316,179	316,179
	<u>316,179</u>	<u>316,179</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	20,088,345	20,088,345
Other reserves	20,539,125	13,363,305
Qualifying non-controlling interests	156,841	-
Less: Proposed dividends	(1,135,854)	(1,135,854)
Common Equity Tier 1 capital before regulatory adjustments	<u>39,648,457</u>	<u>32,315,796</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,213,838)	(3,555,075)
Intangible assets	(975,612)	(830,487)
Deferred tax assets	(776,984)	(552,391)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,856,416)
Regulatory reserve	(1,542,976)	(1,197,301)
Others	(2,182)	(2,182)
Common Equity Tier I capital after regulatory adjustments	<u>31,136,865</u>	<u>20,321,944</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	32,685	-
Additional Tier I capital before and after regulatory adjustments	<u>2,632,685</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,956)	(225,956)
Additional Tier I capital after regulatory adjustments	<u>2,626,729</u>	<u>2,374,044</u>
Total Tier I capital	<u>33,763,594</u>	<u>22,695,988</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

<u>31 December 2018 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	408,443	-
Qualifying capital instruments held by third parties	325,153	708,469
Portfolio impairment allowance and regulatory reserves ^	659,423	271,282
Tier II capital before regulatory adjustments	<u>9,322,759</u>	<u>8,909,491</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(759)	(1,112,125)
Total Tier II capital	<u>9,322,000</u>	<u>7,797,366</u>
Total capital	<u>43,085,594</u>	<u>30,493,354</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	13.505%	13.319%	N/A	N/A
Tier I ratio	14.026%	13.319%	N/A	N/A
Total capital ratio	<u>16.194%</u>	<u>18.688%</u>	<u>15.707%</u>	<u>122.265%</u>

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

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM169 million (2018: RM160 million) and RM155 million (2018: RM147 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A27. 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 Executive 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 four 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

Commercial Banking

Commercial Banking offers products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include banking credit facilities, trade financing, cash management, online business banking platform, remittance and foreign exchange, as well as general deposit products.

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.

Group Ventures & Partnership and Funding

Group Ventures & Partnerships drives all strategic partnerships across business lines Group-wide and explores strategic equity joint ventures in the ecosystem space. Funding encompasses a wide range of activities from capital, balance sheet and fixed income investments and management, as well as the funding and incubation of corporate ventures and projects.

PART A - EXPLANATORY NOTES (CONTINUED)

A27. SEGMENTAL REPORT (CONTINUED)

The Group
31 March 2019

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnership and Funding RM'000	Total RM'000
Net interest income/(expense)					
- external income	1,033,747	268,347	244,197	171,153	1,717,444
- inter-segment	(201,525)	86,959	198,359	(83,793)	-
	<u>832,222</u>	<u>355,306</u>	<u>442,556</u>	<u>87,360</u>	<u>1,717,444</u>
Income from Islamic Banking operations	212,051	121,706	139,287	116,514	589,558
Net non-interest income	265,333	98,912	287,408	31,229	682,882
Net income	<u>1,309,606</u>	<u>575,924</u>	<u>869,251</u>	<u>235,103</u>	<u>2,989,884</u>
Overheads	(776,271)	(295,596)	(431,933)	(70,847)	(1,574,647)
of which:					
Depreciation of property, plant and equipment	(36,911)	(646)	(2,625)	(876)	(41,058)
Amortisation of prepaid lease payments	-	-	-	(3)	(3)
Amortisation of intangible assets	(41,917)	(412)	(6,594)	(2,794)	(51,717)
Profit/(loss) before allowances	<u>533,335</u>	<u>280,328</u>	<u>437,318</u>	<u>164,256</u>	<u>1,415,237</u>
Expected credit losses on loans, advances and financing	(78,439)	(57,825)	(71,450)	(170)	(207,884)
Expected credit losses written back for commitments and contingencies	19,582	4,890	37,418	10	61,900
Other expected credit losses written back/(made)	2,145	(15)	(4,110)	3,938	1,958
Segment result	<u>476,623</u>	<u>227,378</u>	<u>399,176</u>	<u>168,034</u>	<u>1,271,211</u>
Share of results of joint venture	830	-	-	-	830
Taxation					<u>(261,889)</u>
Profit for the financial period					<u>1,010,152</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. SEGMENTAL REPORT (CONTINUED)

The Group
31 March 2018

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnership and Funding RM'000	Total RM'000
Net interest income/(expense)					
- external income	1,061,049	247,351	105,354	237,741	1,651,495
- inter-segment	(225,569)	103,963	308,588	(186,982)	-
	835,480	351,314	413,942	50,759	1,651,495
Income from Islamic Banking operations	188,890	97,784	165,078	58,285	510,037
Net non-interest income	359,885	126,248	236,577	23,946	746,656
Net income	1,384,255	575,346	815,597	132,990	2,908,188
Overheads	(713,380)	(264,347)	(401,580)	(34,300)	(1,413,607)
of which:					
Depreciation of property, plant and equipment	(38,492)	(681)	(3,032)	(2,432)	(44,637)
Amortisation of prepaid lease payments	-	-	-	(3)	(3)
Amortisation of intangible assets	(42,804)	(632)	(6,768)	(5,702)	(55,906)
Profit before allowances	670,875	310,999	414,017	98,690	1,494,581
Expected credit losses on loans, advances and financing	(46,509)	(77,777)	(18,674)	(148)	(143,108)
Expected credit losses (made)/written back for commitments and contingencies	(12,628)	3,366	(7,792)	139	(16,915)
Other expected credit losses written back/(made)	1,325	(185)	(5,592)	(9,222)	(13,674)
Segment result	613,063	236,403	381,959	89,459	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)**A27. SEGMENTAL REPORT (CONTINUED)****The Group
31 March 2019**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnership and Funding RM'000	Total RM'000
Segment assets	159,179,835	44,884,249	220,182,733	31,059,932	455,306,749
Unallocated assets					13,176,279
Total assets					468,483,028
Segment liabilities	138,984,938	49,584,391	197,280,628	28,172,692	414,022,649
Unallocated liabilities					13,343,239
Total liabilities					427,365,888
Other segment items					
Capital expenditure	99,900	1,611	8,631	3,132	113,274
Investment in joint venture	172,694	-	-	-	172,694

**The Group
31 December 2018**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnership and Funding RM'000	Total RM'000
Segment assets	156,669,957	43,755,667	188,717,803	50,855,894	439,999,321
Unallocated assets					11,933,428
Total assets					451,932,749
Segment liabilities	132,471,292	51,436,927	191,994,835	24,271,974	400,175,028
Unallocated liabilities					10,630,250
Total liabilities					410,805,278
Other segment items					
Capital expenditure	626,101	11,032	56,379	38,928	732,440
Investment in joint venture	171,864	-	-	-	171,864

PART A-EXPLANATORY NOTES (CONTINUED)

A28. 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 market data reasonableness verification;
- 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;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- 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)

A28. FAIR VALUE ESTIMATION (CONTINUED)

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

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
Fair Value 31 Mar 2019					
Recurring fair value measurements					
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	250,646	-	250,646	-	250,646
Financial assets at fair value through profit or loss					
-Money market instruments	28,793,885	-	28,385,523	408,362	28,793,885
-Quoted securities	379,098	379,098	-	-	379,098
-Unquoted securities	6,004,809	-	4,806,192	1,198,617	6,004,809
Debt instruments at fair value through other comprehensive income					
-Money market instruments	5,937,849	-	5,937,849	-	5,937,849
-Unquoted securities	22,048,062	-	22,048,061	1	22,048,062
Equity instruments at fair value through other comprehensive income					
-Quoted securities	7,897	7,897	-	-	7,897
-Unquoted securities	520,819	-	177,349	343,470	520,819
Derivative financial instruments					
-Trading derivatives	8,035,339	161,692	7,771,684	101,963	8,035,339
-Hedging derivatives	232,725	-	232,725	-	232,725
Loans, advances and financing at fair value through profit or loss	558,684	-	558,684	-	558,684
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
Total	72,777,280	548,687	70,176,180	2,052,413	72,777,280
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	7,245,708	79,454	7,089,963	76,291	7,245,708
- Hedging derivatives	616,785	-	616,785	-	616,785
Financial liabilities designated at fair values through profit or loss	5,490,615	-	5,490,615	-	5,490,615
Total	13,353,108	79,454	13,197,363	76,291	13,353,108

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
Fair Value 31 Dec 2018					
Recurring fair value measurements					
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	500,134	-	500,134	-	500,134
Financial assets at fair value through profit or loss					
-Money market instruments	22,983,631	-	22,569,666	413,965	22,983,631
-Quoted securities	397,879	397,879	-	-	397,879
-Unquoted securities	5,514,477	-	4,299,772	1,214,705	5,514,477
Debt instruments at fair value through other comprehensive income					
-Money market instruments	6,380,101	-	6,380,101	-	6,380,101
-Unquoted securities	20,019,977	-	20,019,976	1	20,019,977
Equity instruments at fair value through other comprehensive income					
-Quoted securities	7,725	7,725	-	-	7,725
-Unquoted securities	535,969	-	177,034	358,935	535,969
Derivative financial instruments					
-Trading derivatives	8,219,209	17,150	7,985,778	216,281	8,219,209
-Hedging derivatives	111,650	-	111,650	-	111,650
Loans, advances and financing at fair value through profit or loss	803,681	-	803,681	-	803,681
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	13,775	-	13,775	-	13,775
Total	65,488,208	422,754	62,861,567	2,203,887	65,488,208
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	7,564,789	531,062	6,924,583	109,144	7,564,789
- Hedging derivatives	653,322	-	653,322	-	653,322
Financial liabilities designated at fair values through profit or loss	5,880,707	-	5,880,707	-	5,880,707
Total	14,098,818	531,062	13,458,612	109,144	14,098,818

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

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

The Bank	Carrying amount	The Bank			Total
		Level 1	Level 2	Level 3	
Fair Value					
31 Mar 2019					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	250,646	-	250,646	-	250,646
Financial assets at fair value through profit or loss					
-Money market instruments	21,513,687	-	21,105,325	408,362	21,513,687
-Quoted securities	379,098	379,098	-	-	379,098
-Unquoted securities	5,155,023	-	3,968,671	1,186,352	5,155,023
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,583,590	-	2,583,590	-	2,583,590
-Unquoted securities	16,014,008	-	16,014,008	-	16,014,008
Equity instruments at fair value through other comprehensive income					
-Quoted securities	107	107	-	-	107
-Unquoted securities	516,366	-	177,349	339,017	516,366
Derivative financial instruments					
-Trading derivatives	4,558,384	161,692	4,294,729	101,963	4,558,384
-Hedging derivatives	287,638	-	287,638	-	287,638
Loans, advances and financing at fair value through profit or loss	340,516	-	340,516	-	340,516
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
Total	51,606,530	540,897	49,029,939	2,035,694	51,606,530
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,195,080	79,454	4,027,234	88,392	4,195,080
-Hedging derivatives	389,160	-	389,160	-	389,160
Financial liabilities designated at fair values through profit or loss	1,010,466	-	1,010,466	-	1,010,466
Total	5,594,706	79,454	5,426,860	88,392	5,594,706
Fair Value					
31 Dec 2018					
The Bank	Carrying amount	Level 1	Level 2	Level 3	Total
Fair Value					
31 Dec 2018					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Reverse repurchase agreement at fair value through profit or loss	500,134	-	500,134	-	500,134
Financial assets at fair value through profit or loss					
-Money market instruments	17,557,750	-	17,143,785	413,965	17,557,750
-Quoted securities	397,879	397,879	-	-	397,879
-Unquoted securities	5,058,871	-	3,856,431	1,202,440	5,058,871
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,511,408	-	2,511,408	-	2,511,408
-Unquoted securities	14,879,994	-	14,879,994	-	14,879,994
Equity instruments at fair value through other comprehensive income					
-Quoted securities	58	58	-	-	58
-Unquoted securities	531,541	-	177,034	354,507	531,541
Derivative financial instruments					
-Trading derivatives	5,445,061	17,150	5,211,630	216,281	5,445,061
-Hedging derivatives	144,848	-	144,848	-	144,848
Loans, advances and financing at fair value through profit or loss	312,115	-	312,115	-	312,115
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	9,576	-	9,576	-	9,576
Total	47,349,235	415,087	44,746,955	2,187,193	47,349,235
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,902,980	531,062	4,254,398	117,520	4,902,980
-Hedging derivatives	426,726	-	426,726	-	426,726
Financial liabilities designated at fair values through profit or loss	1,333,570	-	1,333,570	-	1,333,570
Total	6,663,276	531,062	6,014,694	117,520	6,663,276

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2019 and 31 December 2018 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	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		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2019							
At 1 January	1,628,670	1	358,935	216,281	2,203,887	(109,144)	(109,144)
Total (losses)/gain recognised in statement of income	(8,556)	-	-	(114,119)	(122,675)	20,889	20,889
Total loss recognised in other comprehensive income	-	-	(12,021)	-	(12,021)	-	-
Purchases	60	-	172	50,619	50,851	(37,190)	(37,190)
Sales and redemptions	(2,221)	-	(2,343)	-	(4,564)	-	-
Settlements	-	-	-	(49,875)	(49,875)	48,609	48,609
Exchange fluctuation	(10,974)	-	(1,273)	(943)	(13,190)	545	545
At 31 March	1,606,979	1	343,470	101,963	2,052,413	(76,291)	(76,291)
Total (losses)/gain recognised in statement of income for financial period ended 31 March 2019 under: - net non-interest income	(8,556)	-	-	(114,119)	(122,675)	20,889	20,889
Total loss recognised in other comprehensive income for financial year ended 31 March 2019 under "revaluation reserves"	-	-	(12,021)	-	(12,021)	-	-
Change in unrealised losses recognised in statement of income relating to assets held on 31 March 2019 under "net non-interest income"	(8,556)	-	-	(14,427)	(22,983)	2,098	2,098

	Financial Assets				Total	Financial Liabilities	
	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		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank							
2019							
At 1 January	1,616,405	-	354,507	216,281	2,187,193	(117,520)	(117,520)
Total (losses)/gain recognised in statement of income	(8,556)	-	-	(114,119)	(122,675)	17,164	17,164
Total loss recognised in other comprehensive income	-	-	(12,018)	-	(12,018)	-	-
Purchases	60	-	172	50,619	50,851	(37,190)	(37,190)
Sales and redemptions	(2,221)	-	(2,343)	-	(4,564)	-	-
Settlements	-	-	-	(49,875)	(49,875)	48,609	48,609
Exchange fluctuation	(10,974)	-	(1,301)	(943)	(13,218)	545	545
At 31 March	1,594,714	-	339,017	101,963	2,035,694	(88,392)	(88,392)
Total (losses)/gain recognised in statement of income for financial period ended 31 March 2019 under: - net non-interest income	(8,556)	-	-	(114,119)	(122,675)	17,164	17,164
Total loss recognised in other comprehensive income for financial year ended 31 March 2019 under "revaluation reserves"	-	-	(12,018)	-	(12,018)	-	-
Change in unrealised losses recognised in statement of income relating to assets held on 31 March 2019 under "net non-interest income"	(8,556)	-	-	(14,427)	(22,983)	2,098	2,098

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2019 and 31 December 2018 for the Group and the Bank (Continued):

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial Assets			Derivative financial instruments	Total	Financial Liabilities		Total
			Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for- sale			Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
			Unquoted securities	Unquoted securities	Unquoted securities			Trading derivatives	Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group										
2018										
At 1 January	-	-	-	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Effect of adopting MFRS 9	1,211,452	1,502	283,120	(164,243)	(1,331,831)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,502	283,120	-	-	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income	29,438	-	-	-	-	155,651	185,089	(109,910)	(127,879)	(237,789)
Total gains recognised in other comprehensive income	-	-	74,604	-	-	-	74,604	-	-	-
Purchases	405,598	-	602	-	-	111,947	518,147	(76,254)	-	(76,254)
Sales and redemptions	(35,917)	(1,507)	(1,415)	-	-	-	(38,839)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	102,048	522,937	624,985
Exchange fluctuation	18,099	6	2,024	-	-	1,639	21,768	(924)	-	(924)
At 31 December	1,628,670	1	358,935	-	-	216,281	2,203,887	(109,144)	-	(109,144)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:										
- net non-interest income	29,438	-	-	-	-	155,651	185,089	(109,910)	(120,525)	(230,435)
- interest expense	-	-	-	-	-	-	-	-	(7,354)	(7,354)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	74,604	-	-	-	74,604	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	-	-	-	99,751	128,097	(11,714)	-	(11,714)

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial Assets			Derivative financial instruments	Total	Financial Liabilities		Total
			Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for- sale			Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
			Unquoted securities	Unquoted securities	Unquoted securities			Trading derivatives	Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Bank										
2018										
At 1 January	-	-	-	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Effect of adopting MFRS 9	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	28,438	-	-	-	-	155,651	184,089	(113,500)	(127,879)	(241,379)
Total gains recognised in other comprehensive income	-	-	74,778	-	-	-	74,778	-	-	-
Purchases	405,598	-	511	-	-	111,947	518,056	(76,254)	-	(76,254)
New issuances	-	-	-	-	-	-	-	-	-	-
Sales and redemptions	(35,917)	-	(565)	-	-	-	(36,482)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	104,756	522,937	627,693
Exchange fluctuation	18,099	-	1,932	-	-	1,639	21,670	(924)	-	(924)
At 31 December	1,616,405	-	354,507	-	-	216,281	2,187,193	(117,520)	-	(117,520)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 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 2018 under "revaluation reserves"	-	-	-	-	83,753	-	83,753	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	629	-	-	-	-	2,577	3,206	10,633	(15,465)	(4,832)

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING

A29a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	The Group		The Bank	
		31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Assets					
Cash and short-term funds		11,891,121	11,980,341	2,020,268	2,191,725
Deposits and placements with banks and other financial institutions		963,133	433,141	773,638	477,987
Financial assets at fair value through profit or loss		4,382,858	3,033,103	106,789	107,759
Debt instruments at fair value through other comprehensive income		3,769,957	3,177,328	420,689	420,781
Equity instruments at fair value through other comprehensive income		575	575	-	-
Debt Instruments at amortised cost		7,215,141	6,620,612	76,072	75,889
Islamic derivative financial instruments		519,340	593,855	12,105	29,472
Financing, advances and other financing/loans	A29c	78,673,599	76,622,454	5,204,555	6,052,132
Other assets		1,875,429	1,643,453	897,103	919,888
Deferred taxation		97,236	81,133	-	-
Amount due from conventional operations		1,278,436	1,369,167	-	-
Amount due from related companies		3,154,987	2,357,778	3,154,290	2,357,158
Statutory deposits with Bank Negara Malaysia		2,224,432	2,076,422	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		69,786	71,572	30	36
Property, plant and equipment		1,901	2,764	6	7
Right-of-use assets		3,316	-	-	-
Total assets		116,257,247	110,199,698	12,665,545	12,632,834
Liabilities					
Deposits from customers	A29d	84,685,630	80,056,465	3,654,985	4,124,909
Investment accounts of customers	A29e	786,517	1,769,270	-	-
Deposits and placements of banks and other financial institutions		4,635,563	3,147,380	2,095,998	2,244,857
Investment accounts due to designated financial institutions	A29f	7,686,709	8,216,809	-	-
Financial liabilities designated at fair value through profit or loss	A29g	25,440	21,918	-	-
Islamic derivative financial instruments		558,099	625,112	7,472	26,137
Other liabilities		6,057,557	4,494,432	4,830,078	4,088,041
Lease liability		3,339	-	-	-
Recourse obligation on loans and financing sold to Cagamas		1,516,760	1,915,503	-	-
Sukuk		334,217	358,265	-	-
Amount due to related company		1,630,846	1,741,236	1,534,567	1,643,607
Amount due to conventional operations		202,682	-	-	-
Provision for taxation		110,804	83,479	-	-
Subordinated Sukuk		613,978	615,033	-	-
Total liabilities		108,848,141	103,044,902	12,123,100	12,127,551
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		6,189,106	5,934,796	542,445	505,283
Total equity		7,409,106	7,154,796	542,445	505,283
Total equity and liabilities		116,257,247	110,199,698	12,665,545	12,632,834
Restricted Agency Investment Account(*)		6,277,683	6,230,998	-	-
Total Islamic Banking Assets		122,534,930	116,430,696	12,665,545	12,632,834

* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions dated 2 February 2018

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	The Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	1,072,622	862,943	1,072,622	862,943
Income derived from investment of investment accounts	110,949	109,054	110,949	109,054
Net income derived from investment of shareholders' funds	109,178	80,081	109,178	80,081
Expected credit losses on financing, advances and other financing/loans	(39,071)	(59,803)	(39,071)	(59,803)
Expected credit losses for commitments and contingencies written back	23,981	(147)	23,981	(147)
Other expected credit losses (made)/written back	(45)	534	(45)	534
Total distributable income	1,277,614	992,662	1,277,614	992,662
Income attributable to depositors and others	(705,413)	(541,383)	(705,413)	(541,383)
Profit distributed to investment account holder	(84,697)	(86,786)	(84,697)	(86,786)
Total net income	487,504	364,493	487,504	364,493
Other operating expenses	(201,646)	(149,291)	(201,646)	(149,291)
Profit before taxation and zakat	285,858	215,202	285,858	215,202
Taxation and zakat	(58,088)	(50,839)	(58,088)	(50,839)
Profit for the financial period	227,770	164,363	227,770	164,363

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	The Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	227,770	164,363	227,770	164,363
Other comprehensive income/(expense):				
Items that may be reclassified to profit or loss				
Debt instruments at fair value through other comprehensive income	29,220	7,185	29,220	7,185
- Net gain from change in fair value	48,502	8,172	48,502	8,172
- Realised gain transferred to statement of income on disposal	(13,298)	(1,976)	(13,298)	(1,976)
- Changes in expected credit losses	208	813	208	813
- Income tax effects	(6,192)	176	(6,192)	176
Exchange fluctuation reserve	(2,260)	(6,256)	(2,260)	(6,256)
	26,960	929	26,960	929
Other comprehensive income for the financial period, net of tax	26,960	929	26,960	929
Total comprehensive income for the period	254,730	165,292	254,730	165,292
Total net income	487,504	364,493	487,504	364,493
Add:				
Expected credit losses on financing, advances and other financing/loans	39,071	59,803	39,071	59,803
Expected credit losses for commitments and contingencies written back	(23,981)	147	(23,981)	147
Other expected credit losses made/(written back)	45	(534)	45	(534)
	502,639	423,909	502,639	423,909
Elimination for transactions with conventional operations	86,919	86,128	86,919	86,128
Income from Islamic operations (per page 2)	589,558	510,037	589,558	510,037

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29(b) UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	The Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	48,338	16,768	48,338	16,768
Net income derived from investment of shareholders' funds	11,467	24,748	11,467	24,748
Expected credit losses written back/(made) on financing, advances and other financing/loans	4,798	(13,224)	4,798	(13,224)
Expected credit losses for commitments and contingencies	(173)	(191)	(173)	(191)
Other expected credit losses written back	356	1,423	356	1,423
	64,786	29,524	64,786	29,524
Total distributable income	64,786	29,524	64,786	29,524
Income attributable to depositors and others	(25,971)	(20,369)	(25,971)	(20,369)
	38,815	9,155	38,815	9,155
Total net income	38,815	9,155	38,815	9,155
Other operating expenses	(927)	(921)	(927)	(921)
	37,888	8,234	37,888	8,234
Profit for the financial period	37,888	8,234	37,888	8,234

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	The Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	37,888	8,234	37,888	8,234
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	2,847	6,931	2,847	6,931
- Net gain from change in fair value	3,036	6,931	3,036	6,931
- Changes in expected credit losses	(189)	-	(189)	-
Exchange fluctuation reserve	(3,582)	(10,808)	(3,582)	(10,808)
Other comprehensive expense for the financial period, net of tax	(735)	(3,877)	(735)	(3,877)
Total comprehensive income for the period	37,153	4,357	37,153	4,357
	38,815	9,155	38,815	9,155
Total net income	38,815	9,155	38,815	9,155
Add:				
Expected credit losses (written back)/made on financing, advances and other financing/loans	(4,798)	13,224	(4,798)	13,224
Expected credit losses for commitments and contingencies	173	191	173	191
Other expected credit losses written back	(356)	(1,423)	(356)	(1,423)
	33,834	21,147	33,834	21,147
Elimination for transactions with conventional operations	2,434	2,783	2,434	2,783
Income from Islamic operations (per page 4)	36,268	23,930	36,268	23,930

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 31 March 2019

	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	Ijarah Muntahiah Bi al- Tamlik * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	
At amortised cost											
Cash line^	-	4,910	-	-	965,347	-	-	-	2,125	-	972,382
Term financing											
- House financing	-	5,643,275	-	-	12,349,841	1,338,255	-	-	-	-	19,331,371
- Syndicated financing	449,954	-	178,342	-	1,885,576	-	-	659	-	-	2,514,531
- Hire purchase receivables	-	-	-	-	-	-	7,651,209	-	-	-	7,651,209
- Other term financing	946,073	1,424,934	6,946,132	-	28,863,632	51,031	-	-	-	-	38,231,802
Bills receivable	29,594	-	-	1,804,191	-	-	-	-	375	-	1,834,160
Islamic trust receipts	114,718	-	-	-	-	-	-	-	-	-	114,718
Claims on customers under acceptance credits	1,014,072	-	-	63,412	-	-	-	-	-	-	1,077,484
Staff financing	-	-	-	-	125,741	-	-	-	-	-	125,741
Revolving credits	-	-	-	-	7,032,829	-	-	-	-	-	7,032,829
Credit card receivables	-	-	-	-	-	-	-	-	-	135,615	135,615
Share purchase financing	208	-	-	-	-	-	-	-	-	-	208
Gross financing, advances and other financing/loans, at amortised cost	2,554,619	7,073,119	7,124,474	1,867,603	51,222,966	1,389,286	7,651,209	659	2,500	135,615	79,022,050
Fair value changes arising from fair value hedge											28,457
											79,050,507
Less: Expected credit losses											(595,076)
Net financing, advances and other financing/loans, at amortised cost											78,455,431
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	218,168	-	-	-	-	-	218,168
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	218,168	-	-	-	-	-	218,168
Net financing, advances and other financing/loans											78,673,599

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Group
At 31 December 2018

	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	Ijarah Muntahiah Bi al- Tamlik * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000		Ujrah RM'000
At amortised cost											
Cash line [^]	-	5,704	-	-	891,281	-	-	-	1,455	-	898,440
Term financing											
- House financing	-	5,786,483	-	-	11,099,048	1,357,811	-	-	-	-	18,243,342
- Syndicated financing	470,952	-	162,279	-	1,982,505	7,450	-	684	-	-	2,623,870
- Hire purchase receivables	-	-	-	-	-	-	7,423,573	-	-	-	7,423,573
- Other term financing	987,645	1,484,968	6,982,666	-	26,888,119	52,570	-	-	-	-	36,395,968
Bills receivable	5,075	-	-	2,302,104	-	-	-	-	-	-	2,307,179
Islamic trust receipts	108,436	-	-	-	-	-	-	-	-	-	108,436
Claims on customers under acceptance credits	1,031,894	-	-	80,964	-	-	-	-	-	-	1,112,858
Staff financing	-	-	-	-	114,300	-	-	-	-	-	114,300
Revolving credits	-	-	-	-	7,300,930	-	-	-	-	-	7,300,930
Credit card receivables	-	-	-	-	-	-	-	-	-	137,325	137,325
Share purchase financing	207	-	-	-	-	-	-	-	-	-	207
Gross financing, advances and other financing/loans, at amortised cost	2,604,209	7,277,155	7,144,945	2,383,068	48,276,183	1,417,831	7,423,573	684	1,455	137,325	76,666,428
Fair value changes arising from fair value hedge											32,732
											76,699,160
Less: Expected credit losses											(568,272)
Net financing, advances and other financing/loans, at amortised cost											76,130,888
At Fair value through Profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	491,566	-	-	-	-	-	491,566
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	491,566	-	-	-	-	-	491,566
Net financing, advances and other financing/loans											76,622,454

[^] Includes current account in excess

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Bank
At 31 March 2019

At amortised cost	Sale-based contracts		Tawarruq RM'000	Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000		Mudharabah RM'000	
Term financing					
- Syndicated financing	449,954	-	114,027	659	564,640
- Other term financing	946,073	-	1,523,522	-	2,469,595
Bills receivable	-	1,789,030	-	-	1,789,030
Islamic trust receipts	3,107	-	-	-	3,107
Revolving credits	-	-	446,187	-	446,187
Gross financing, advances and other financing/loans	1,399,134	1,789,030	2,083,736	659	5,272,559
Fair value changes arising from fair value hedges					-
					5,272,559
Less: Expected credit losses					(68,004)
Net financing, advances and other financing/loans					5,204,555

The Bank
At 31 December 2018

At amortised cost	Sale-based contracts		Tawarruq RM'000	Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000		Mudharabah RM'000	
Cash line [^]	-	-	24	-	24
Term financing					
- Syndicated financing	470,952	-	123,727	684	595,363
- Other term financing	987,645	-	1,559,036	-	2,546,681
Bills receivable	-	2,281,042	-	-	2,281,042
Islamic trust receipts	3,240	-	-	-	3,240
Revolving credits	-	-	699,462	-	699,462
Gross financing, advances and other financing/loans, at amortised cost	1,461,837	2,281,042	2,382,249	684	6,125,812
Fair value changes arising from fair value hedge					-
					6,125,812
Less: Expected credit losses					(73,680)
Net financing, advances and other financing/loans					6,052,132

[^] Includes current account in excess

	The Group		The Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	79,022,050	76,666,428	5,272,559	6,125,812
- At Fair value through Profit or loss	218,168	491,566	-	-
	79,240,218	77,157,994	5,272,559	6,125,812

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c 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 RM3,379,116,000 (2018: RM3,384,006,000) 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 2019, the gross carrying amount relating to RPSIA financing is RM6,599,348,000 (2018: RM6,907,549,000) and 12-month expected credit losses relating to this RPSIA is RM87,752,000 (2018: RM25,658,000).

c) Movement of Qard financing

	The Group	
	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
As at 1 January	1,455	2,356
New disbursement	1,270	332
Repayment	(225)	(1,233)
As at 31 March/31 December	<u>2,500</u>	<u>1,455</u>
Sources of Qard fund:		
Depositors' fund	2,349	1,371
Shareholders' fund	151	84
	<u>2,500</u>	<u>1,455</u>
Uses of Qard fund:		
Personal use	293	172
Business purpose	2,207	1,283
	<u>2,500</u>	<u>1,455</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	74,060,601	71,137,310	92,942	105,128
Indonesia	34,038	43,679	34,038	43,679
Singapore	2,479,190	2,774,847	2,479,190	2,774,847
Hong Kong	32,381	38,487	32,381	38,487
China	1,179,099	1,993,083	1,179,099	1,993,083
Other countries	1,454,909	1,170,588	1,454,909	1,170,588
	79,240,218	77,157,994	5,272,559	6,125,812

iii) By economic sector

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	2,240,997	2,659,090	40,910	481,067
Mining and quarrying	1,788,124	2,290,215	884,157	716,142
Manufacturing	2,727,644	2,546,627	50,403	66,065
Electricity, gas and water supply	107,625	95,820	-	-
Construction	2,763,344	2,705,543	93,640	101,066
Transport, storage and communications	4,407,060	4,108,379	269,004	378,606
Education, health and others	6,033,873	5,935,866	-	-
Wholesale and retail trade, and restaurants and hotels	3,726,398	3,503,177	1,340,373	1,303,172
Finance, insurance/takaful, real estate and business activities	10,511,559	10,729,007	2,273,992	2,717,514
Household	44,522,355	42,147,609	-	1
Others	411,239	436,661	320,080	362,179
	79,240,218	77,157,994	5,272,559	6,125,812

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

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	666,176	483,675	44,295	45,962
Indonesia	16,032	16,251	16,032	16,251
Singapore	67,394	68,319	67,394	68,319
Other countries	110,109	118,813	110,109	118,813
	859,711	687,058	237,830	249,345

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

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	68,047	6,658	-	-
Mining and quarrying	177,264	184,612	172,187	181,833
Manufacturing	37,697	28,146	-	-
Construction	22,305	25,435	-	-
Transport, storage and communications	122,237	124,127	65,643	67,512
Education, health and others	12,581	10,613	-	-
Wholesale and retail trade, and restaurants and hotels	17,254	9,706	-	-
Finance, insurance/takaful, real estate and business activities	112,947	44,369	-	-
Household	289,376	253,389	-	-
Others	3	3	-	-
	859,711	687,058	237,830	249,345

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

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

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	190,819	113,762	263,691	568,272
Changes in expected credit losses due to transferred within stages:	95,004	(75,807)	(19,197)	-
Transferred to Stage 1	108,586	(99,737)	(8,849)	-
Transferred to Stage 2	(13,369)	35,154	(21,785)	-
Transferred to Stage 3	(213)	(11,224)	11,437	-
Total charge to Income Statement:	(80,578)	76,662	56,426	52,510
New financial assets originated	39,923	-	186	40,109
Financial assets that have been derecognised	(23,764)	(58)	-	(23,822)
Writeback in respect of full recoveries	-	-	(7,043)	(7,043)
Change in credit risk	(96,737)	76,720	63,283	43,266
Write-offs	-	-	(26,338)	(26,338)
Exchange fluctuation	(31)	(2)	(844)	(877)
Other movements	750	(238)	997	1,509
At 31 March 2019	205,964	114,377	274,735	595,076

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	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
At 1 January 2018	-	-	-	103,254	246,556	349,810
Effect of adopting MFRS 9	124,453	120,140	215,614	(103,254)	(246,556)	110,397
Adjusted 1 January 2018	124,453	120,140	215,614	-	-	460,207
Changes in expected credit losses due to transferred within stages:	218,433	(184,018)	(34,415)	-	-	-
Transferred to Stage 1	273,384	(230,728)	(42,656)	-	-	-
Transferred to Stage 2	(54,722)	112,135	(57,413)	-	-	-
Transferred to Stage 3	(229)	(65,425)	65,654	-	-	-
Total charge to Income Statement:	(152,814)	171,123	192,633	-	-	210,942
New financial assets originated	161,689	56	462	-	-	162,207
Financial assets that have been derecognised	(107,361)	(1,296)	-	-	-	(108,657)
Writeback in respect of full recoveries	-	-	(3,912)	-	-	(3,912)
Change in credit risk	(207,142)	172,363	196,083	-	-	161,304
Write-offs	-	-	(118,734)	-	-	(118,734)
Exchange fluctuation	(108)	(16)	1,423	-	-	1,299
Other movements	855	6,533	7,170	-	-	14,558
At 31 December 2018	190,819	113,762	263,691	-	-	568,272

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	7,535	1,503	64,642	73,680
Total charge to Income Statement:	(224)	(799)	(3,775)	(4,798)
Change in credit risk	(224)	(799)	(3,775)	(4,798)
Exchange fluctuation	(31)	(3)	(844)	(878)
At 31 March 2019	7,280	701	60,023	68,004

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	-	-	53,902	1,883	55,785
Effect of adopting MFRS 9	9,729	3,778	53,903	(53,902)	(1,883)	11,625
Adjusted 1 January 2018	9,729	3,778	53,903	-	-	67,410
Changes in expected credit losses due to transferred within stages:						
Transferred to Stage 2	(1,145)	1,145	-	-	-	-
Total charge to Income Statement:	(941)	(3,404)	9,316	-	-	4,971
Change in credit risk	(941)	(3,404)	9,316	-	-	4,971
Exchange fluctuation	(108)	(16)	1,423	-	-	1,299
At 31 December 2018	7,535	1,503	64,642	-	-	73,680

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	687,058	687,058
Transfer within stages	174,349	174,349
New financial assets originated	45,833	45,833
Write-offs	(26,338)	(26,338)
Amount fully recovered	(14,871)	(14,871)
Other changes in financing, advances and other financing/loans	(3,466)	(3,466)
Exchange fluctuation	(2,854)	(2,854)
At 31 March 2019	859,711	859,711

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired financing, advances and other financing/loans under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	668,513	668,513
Effect of adopting MFRS 9	668,513	(668,513)	-
Adjusted 1 January 2018	668,513	-	668,513
Transfer within stages	245,141	-	245,141
New financial assets originated	1,178	-	1,178
Write-offs	(118,734)	-	(118,734)
Amount fully recovered	(44,299)	-	(44,299)
Other changes in financing, advances and other financing/loans	(68,070)	-	(68,070)
Exchange fluctuation	3,329	-	3,329
At 31 December 2018	687,058	-	687,058

	The Group	
	31 Mar 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.08%	0.89%

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3)		Total
	RM'000		RM'000
At 1 January 2019	249,345		249,345
Other changes in financing, advances and other financing/loans	(8,661)		(8,661)
Exchange fluctuation	(2,854)		(2,854)
At 31 March 2019	<u>237,830</u>		<u>237,830</u>

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3)	Impaired financing, advances and other financing/loans under MFRS 139	Total
	RM'000	RM'000	RM'000
At 1 January 2018	-	286,643	286,643
Effect of adopting MFRS 9	286,643	(286,643)	-
Adjusted 1 January 2018	<u>286,643</u>	<u>-</u>	<u>286,643</u>
Other changes in financing, advances and other financing/loans	(40,627)	-	(40,627)
Exchange fluctuation	3,329	-	3,329
At 31 December 2018	<u>249,345</u>	<u>-</u>	<u>249,345</u>

	The Bank	
	31 Mar 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<u>4.51%</u>	<u>4.07%</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)****A29d. DEPOSITS FROM CUSTOMERS**

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposits				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	3,750,484	3,429,924	283,714	271,339
Demand deposit				
Qard	12,032,873	10,069,627	88,600	17,877
Commodity Murabahah (via Tawarruq arrangement)*	2,026,677	1,995,413	459,942	353,569
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	33,931,585	39,946,997	1,120,569	1,565,273
Fixed Return Income Account-i (via Tawarruq arrangement)*	32,819,493	24,489,556	1,702,160	1,916,851
Specific investment account				
Mudharabah	103,287	104,791	-	-
Others - Qard	21,231	20,157	-	-
	84,685,630	80,056,465	3,654,985	4,124,909

*included Qard contract of RM405,703,000 (2018: RM633,484,000)

(ii) By maturity structures of term deposits

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	57,698,382	55,483,238	1,970,498	2,748,788
Six months to less than one year	9,038,940	8,882,076	844,563	708,370
One year to less than three years	13,136	70,611	7,668	24,966
Three years to less than five years	78,903	80,363	-	-
Five years and more	25,004	25,056	-	-
	66,854,365	64,541,344	2,822,729	3,482,124

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29d. DEPOSITS FROM CUSTOMERS (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	4,997,172	3,827,034	112	124
Business enterprises	31,184,110	32,432,116	1,502,389	1,918,219
Individuals	30,962,123	22,894,029	1,805,502	2,070,827
Others	17,542,225	20,903,286	346,982	135,739
	84,685,630	80,056,465	3,654,985	4,124,909

A29e. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	536,131	465,733	-	-
-with maturity				
Term Investment Account-i	250,386	1,303,537	-	-
	786,517	1,769,270	-	-

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

A29f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	7,686,709	8,216,809	-	-
By type of counterparty				
Licensed banks	7,686,709	8,216,809	-	-

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

A29g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	25,440	21,918	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 31 March 2019 was RM605,000 (31 December 2018: RM1,235,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

Part B

B1. GROUP PERFORMANCE REVIEW

The Group recorded a net profit RM1,010.2 million for the three months period ended 31 March 2019, equivalent to net earnings per share (“EPS”) of 16.79 sen. As compared to net profits of RM1,009.3 million for the previous corresponding period, the Group’ net profits slightly decreased by 0.1% year-on-year (“Y-o-Y”).

The Group’s three months revenues were 2.8% higher at RM2,989.9 million as compared with previous corresponding period of RM2,908.2 million. Net interest income and income from Islamic Banking operations increased by 4.0% and 15.6% respectively, offset by the decreased in net non-interest income by 8.5%. Overhead expenses increased by 11.4% to RM1,574.6 million.

The Group expected credit losses on loans, advances and financing increased by RM64.8 million to RM207.9 million. This was offset by a writeback in expected credit losses on commitments and contingencies and other impairment losses of RM61.9 million and RM2.0 million respectively (31 March 2018: expected credit losses made of RM16.9 million and RM13.7 million respectively).

The Group’s gross loans, advances and financing increased by 1.6% to RM294.0 billion for the three months period ended 31 March 2019. As at 31 March 2019, deposits from customers stood at RM325.6 billion, an increase of RM6.3 billion as compared to 31 December 2018.

The Group’s Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 12.600%, 13.655% and 17.487% respectively as at 31 March 2019.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautious on the prospects for the rest of 2019 given continued global and regional economic challenges. CIMB Malaysia should maintain a steady performance with gradually improving capital markets and banking activity. Prospects for CIMB Singapore should track regional economic activity. CIMB Thai’s performance will likely track balance sheet growth and improved asset quality.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	The Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	1,003,939	1,005,404	1,003,939	1,005,404
Weighted average number of ordinary shares in issue ('000)	5,978,179	5,535,895	5,978,179	5,535,895
Basic earnings per share (expressed in sen per share)	16.79	18.16	16.79	18.16

	The Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	633,670	782,197	633,670	782,197
Weighted average number of ordinary shares in issue ('000)	5,978,179	5,535,895	5,978,179	5,535,895
Basic earnings per share (expressed in sen per share)	10.60	14.13	10.60	14.13

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2019 and 31 March 2018.