

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018**

	Note	The Group		The Company	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A8	38,116,328	41,667,884	1,608,364	182,809
Reverse repurchase agreements		6,874,611	6,484,687	-	-
Deposits and placements with banks and other financial institutions	A8	5,181,801	4,055,330	16,701	-
Financial assets at fair value through profit or loss	A9	25,769,077	-	-	-
Debt instruments at fair value through other comprehensive income	A10	31,151,863	-	1,450,435	-
Equity instruments at fair value through other comprehensive income	A11	1,108,269	-	-	-
Debt instruments at amortised cost	A12	38,935,664	-	5,419,712	-
Financial assets held for trading	A13	-	21,657,212	-	-
Derivative financial instruments	A28	8,838,831	8,447,957	-	-
Financial investments available-for-sale	A14	-	32,403,986	-	1,433,024
Financial investments held-to-maturity	A15	-	36,921,215	-	3,518,264
Loans, advances and financing	A16	331,874,286	316,557,012	-	-
Other assets	A17	12,424,176	12,147,332	92,988	42,195
Tax recoverable		122,345	129,072	107,409	109,243
Deferred tax assets		779,693	386,850	-	-
Statutory deposits with central banks		8,146,103	8,630,454	-	-
Investment in subsidiaries		-	-	28,633,969	27,052,448
Investment in associates and joint ventures		1,760,184	259,930	3,834	3,834
Property, plant and equipment		2,105,870	1,991,646	1,037	1,117
Investment properties		-	-	405	417
Prepaid lease payments		94,259	101,913	-	-
Goodwill		7,831,079	8,225,745	-	-
Intangible assets		1,670,804	1,820,369	-	-
		<b>522,785,243</b>	<b>501,888,594</b>	<b>37,334,854</b>	<b>32,343,351</b>
Non-current assets held for sale		67,061	4,610,938	7,862	1,038,859
<b>TOTAL ASSETS</b>		<b>522,852,304</b>	<b>506,499,532</b>	<b>37,342,716</b>	<b>33,382,210</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	355,623,414	348,518,277	-	-
Investment accounts of customers	A19	3,439,547	907,763	-	-
Deposits and placements of banks and other financial institutions	A20	24,856,534	19,751,576	-	-
Repurchase agreements		11,035,888	6,122,273	-	-
Financial liabilities designated at fair value through profit or loss	A21	5,824,494	4,773,440	-	-
Derivative financial instruments	A28	8,818,420	8,751,383	-	-
Bills and acceptances payable		2,410,123	3,177,182	-	-
Other liabilities	A22	17,324,594	17,789,579	2,636	1,717
Recourse obligation on loans and financing sold to Cagamas		5,066,738	5,195,248	-	-
Provision for taxation		373,829	507,940	-	-
Deferred tax liabilities		110,703	80,943	367	361
Bonds, sukuk and debentures	B6(i)	13,754,040	14,895,625	-	-
Other borrowings	B6(ii)	9,209,997	10,057,295	3,357,131	3,553,113
Subordinated obligations	B6(iii)	13,838,587	12,532,965	8,907,253	6,904,556
		<b>471,686,908</b>	<b>453,061,489</b>	<b>12,267,387</b>	<b>10,459,747</b>
Non-current liabilities held for sale		-	3,631,608	-	-
<b>TOTAL LIABILITIES</b>		<b>471,686,908</b>	<b>456,693,097</b>	<b>12,267,387</b>	<b>10,459,747</b>
Ordinary share capital		23,080,838	22,183,226	23,080,838	22,183,226
Reserves		26,930,107	26,062,859	1,994,534	739,280
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		<b>50,010,339</b>	<b>48,245,479</b>	<b>25,075,329</b>	<b>22,922,463</b>
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		955,057	1,360,956	-	-
<b>TOTAL EQUITY</b>		<b>51,165,396</b>	<b>49,806,435</b>	<b>25,075,329</b>	<b>22,922,463</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>522,852,304</b>	<b>506,499,532</b>	<b>37,342,716</b>	<b>33,382,210</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29 (a)	<b>1,079,351,535</b>	<b>875,879,316</b>	<b>-</b>	<b>-</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>5.34</b>	<b>5.23</b>	<b>2.68</b>	<b>2.48</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	Note	The Group			
		3rd quarter ended		Nine months ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A23	4,858,069	4,920,156	14,221,651	14,693,444
Interest expense	A24	<b>(2,444,602)</b>	(2,317,136)	<b>(7,021,085)</b>	(6,760,723)
Net interest income		<b>2,413,467</b>	2,603,020	<b>7,200,566</b>	7,932,721
Income from Islamic Banking operations	A34(c)	<b>667,710</b>	527,537	<b>1,929,819</b>	1,517,831
Net non-interest income	A25	<b>1,059,359</b>	1,292,587	<b>3,085,355</b>	3,657,795
		<b>4,140,536</b>	4,423,144	<b>12,215,740</b>	13,108,347
Gain on disposal of subsidiaries, joint venture and associate		-	-	<b>1,091,685</b>	2,654
Overheads	A26	<b>4,140,536</b> <b>(2,158,346)</b>	4,423,144 (2,267,083)	<b>13,307,425</b> <b>(6,386,783)</b>	13,111,001 (6,825,755)
Profit before expected credit losses/allowances		<b>1,982,190</b>	2,156,061	<b>6,920,642</b>	6,285,246
Expected credit losses/allowance for impairment losses on loans, advances and financing	A27(a)	<b>(398,873)</b>	(596,145)	<b>(1,144,599)</b>	(1,652,852)
Expected credit losses/allowance (made)/written back for commitments and contingencies		<b>(17,597)</b>	(676)	<b>9,185</b>	16,245
Other expected credit losses/allowance for other impairment losses	A27(b)	<b>(92,504)</b>	(34,169)	<b>(123,606)</b>	(83,320)
		<b>1,473,216</b>	1,525,071	<b>5,661,622</b>	4,565,319
Share of results of joint ventures		<b>12,870</b>	1,774	<b>23,264</b>	10,415
Share of results of associates		<b>315</b>	506	<b>3,568</b>	(1,128)
Profit before taxation and zakat		<b>1,486,401</b>	1,527,351	<b>5,688,454</b>	4,574,606
Taxation and zakat	B4	<b>(294,840)</b>	(362,032)	<b>(1,142,874)</b>	(1,060,031)
Profit for the financial period		<b>1,191,561</b>	1,165,319	<b>4,545,580</b>	3,514,575
Profit for the financial period attributable to :					
Owners of the Parent		<b>1,179,718</b>	1,132,224	<b>4,466,375</b>	3,414,946
Non-controlling interests		<b>11,843</b>	33,095	<b>79,205</b>	99,629
		<b>1,191,561</b>	1,165,319	<b>4,545,580</b>	3,514,575
Earnings per share (sen):					
- Basic	B8(a)	<b>12.56</b>	12.50	<b>48.00</b>	38.06
- Fully diluted	B8(b)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

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**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED**  
**30 SEPTEMBER 2018**

	The Group			
	3rd quarter ended 30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	Nine months ended 30 September 2017 RM'000
Profit for the financial period	1,191,561	1,165,319	4,545,580	3,514,575
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	(871)	(75)	(1,297)	(1,782)
- Actuarial gain/(loss)	32	(17)	(858)	(485)
- Currency translation difference	(903)	(58)	(439)	(1,297)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(785)	-	7,528	-
Equity instruments at fair value through other comprehensive income	(32,155)	-	(32,253)	-
- Net loss from change in fair value	(28,967)	-	(30,650)	-
- Income tax effects	(735)	-	132	-
- Currency translation difference	(2,453)	-	(1,735)	-
	(33,811)	(75)	(26,022)	(1,782)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	109,247	-	357,349
- Net gain from change in fair value	-	177,701	-	519,552
- Realised gain transferred to statement of income on disposal and impairment	-	(49,583)	-	(101,000)
- Income tax effects	-	(19,948)	-	(63,699)
- Currency translation difference	-	1,077	-	2,496
Debt instruments at fair value through other comprehensive income	52,751	-	(216,313)	-
- Net gain/(loss) from change in fair value	109,476	-	(209,139)	-
- Realised gain transferred to statement of income on disposal	(12,565)	-	(41,215)	-
- Changes in expected credit losses	(4,299)	-	1,355	-
- Income tax effects	(42,295)	-	29,078	-
- Currency translation difference	2,434	-	3,608	-
Net investment hedge	(134,188)	61,626	(19,830)	188,023
Hedging reserve - cash flow hedge	975	574	3,710	6,234
- Net gain from change in fair value	1,191	755	4,600	8,413
- Income tax effects	(216)	(181)	(890)	(2,179)
Deferred hedging cost	8,217	-	36,902	-
Exchange fluctuation reserve	323,316	(436,366)	(323,312)	(1,055,591)
Share of other comprehensive income of associates and joint ventures	11,590	30	64,011	2,711
	262,661	(264,889)	(454,832)	(501,274)
Total other comprehensive income/(expense) for the financial period, net of tax	228,850	(264,964)	(480,854)	(503,056)
Total comprehensive income for the financial period	1,420,411	900,355	4,064,726	3,011,519
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,408,643	886,544	4,041,494	2,953,226
Non-controlling interests	11,768	13,811	23,232	58,293
	1,420,411	900,355	4,064,726	3,011,519

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**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	Note	The Company			
		3rd quarter ended		Nine months ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A23	80,558	48,307	231,352	145,784
Interest expense	A24	<b>(144,264)</b>	(118,042)	<b>(416,056)</b>	(348,721)
Net interest expense		<b>(63,706)</b>	(69,735)	<b>(184,704)</b>	(202,937)
Net non-interest income	A25	<b>1,141,894</b>	1,319,936	<b>3,157,770</b>	1,875,690
Loss on disposal of a subsidiary		<b>1,078,188</b>	1,250,201	<b>2,973,066</b>	1,672,753
		-	-	<b>(528,670)</b>	-
Overheads	A26	<b>1,078,188</b>	1,250,201	<b>2,444,396</b>	1,672,753
		<b>(13,206)</b>	(2,898)	<b>(29,054)</b>	(10,890)
Profit before expected credit losses/allowances		<b>1,064,982</b>	1,247,303	<b>2,415,342</b>	1,661,863
Expected credit losses/allowance for other impairment losses	A27(b)	<b>(12,294)</b>	-	<b>(20,955)</b>	(22,265)
Profit before taxation		<b>1,052,688</b>	1,247,303	<b>2,394,387</b>	1,639,598
Taxation	B4	<b>(38)</b>	(419)	<b>(3,914)</b>	(717)
Profit for the financial period		<b>1,052,650</b>	1,246,884	<b>2,390,473</b>	1,638,881

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	The Company				
	3rd quarter ended		Nine months ended		
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	
		RM'000	RM'000	RM'000	RM'000
Profit for the financial period		<b>1,052,650</b>	1,246,884	<b>2,390,473</b>	1,638,881
Other comprehensive income/(expense):					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Revaluation reserve-financial investments available-for-sale		-	9,604	-	7,299
- Net loss from change in fair value		-	9,604	-	7,299
Debt instruments at fair value through other comprehensive income		<b>2,206</b>	-	<b>(1,600)</b>	-
- Net gain/(loss) from change in fair value		<b>1,620</b>	-	<b>(3,010)</b>	-
- Changes in expected credit losses		<b>586</b>	-	<b>1,410</b>	-
Other comprehensive income/(expense), net of tax		<b>2,206</b>	9,604	<b>(1,600)</b>	7,299
Total comprehensive income for the financial period		<b>1,054,856</b>	1,256,488	<b>2,388,873</b>	1,646,180

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**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

← Attributable to owners of the Parent →

The Group  
30 September 2018

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve 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	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
<b>At 1 January 2018</b>	22,183,226	131,155	137,104	423,263	(563)	(43)	-	-	499,476	(1,374,602)	60,002	1,502,520	24,683,941	48,245,479	200,000	1,360,956	49,806,435
Effect of adopting MFRS 9 (Note 35)	-	-	-	-	-	-	(72,914)	(198,038)	(499,476)	(4,157)	-	16,511	(1,056,366)	(1,814,440)	-	(77,722)	(1,892,162)
<b>At 1 January 2018, as restated</b>	22,183,226	131,155	137,104	423,263	(563)	(43)	(72,914)	(198,038)	-	(1,378,759)	60,002	1,519,031	23,627,575	46,431,039	200,000	1,283,234	47,914,273
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	4,466,375	4,466,375	-	79,205	4,545,580
Other comprehensive income	-	176	-	(216,088)	-	-	(202,426)	(32,637)	-	26,859	(765)	-	-	(424,881)	-	(55,973)	(480,854)
-(expense)/net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(202,424)	-	-	-	-	-	-	(202,424)	-	(13,889)	(216,313)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(32,147)	-	-	-	-	-	(32,147)	-	(106)	(32,253)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	7,528	-	-	-	7,528	-	-	7,528
- net investment hedge	-	-	-	-	-	-	-	-	-	(19,830)	-	-	-	(19,830)	-	-	(19,830)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	-	3,710	-	-	-	3,710	-	-	3,710
- deferred hedging cost	-	-	-	-	-	-	-	-	-	36,902	-	-	-	36,902	-	-	36,902
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	(1,297)	-	-	-	(1,297)	-	-	(1,297)
- currency translation difference	-	185	-	(281,085)	-	-	-	-	-	(154)	(280)	-	-	(281,334)	-	(41,978)	(323,312)
- share of other comprehensive (expense)/income of associate and joint venture	-	(9)	-	64,997	-	-	(2)	(490)	-	-	(485)	-	-	64,011	-	-	64,011
<b>Total comprehensive income/ (expense) for the financial period</b>	-	176	-	(216,088)	-	-	(202,426)	(32,637)	-	26,859	(765)	-	4,466,375	4,041,494	-	23,232	4,064,726
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,107,065)	(1,107,065)	-	-	(1,107,065)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,798)	(12,798)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	645	-	-	-	-	-	-	-	-	-	-	(645)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	55,794	(55,794)	-	-	-	-
Disposal of subsidiaries	-	(1,681)	-	(231,926)	-	-	-	(977)	-	-	(3,576)	(12)	(3,779)	(241,951)	-	(371,503)	(613,454)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,422	38,422
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,530)	(5,530)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	58,396	-	-	58,396	-	-	58,396
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	42,282	(41,273)	-	-	1,009	-	-	1,009
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(70,195)	-	-	-	(70,195)	-	-	(70,195)
Issuance of shares through dividend reinvestment scheme	897,612	-	-	-	-	-	-	-	-	-	-	-	-	897,612	-	-	897,612
<b>At 30 September 2018</b>	23,080,838	130,295	137,104	(24,751)	(563)	(43)	(275,340)	(231,652)	-	(1,379,813)	72,784	1,574,813	26,926,667	50,010,339	200,000	955,057	51,165,396

**CIMB GROUP HOLDINGS BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium-ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
<b>At 1 January 2017</b>	8,868,384	11,476,201	6,576,724	137,104	2,447,052	(563)	(43)	134,247	(1,710,752)	51,447	1,321,640	16,006,734	45,308,175	200,000	1,570,983	47,079,158
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	3,414,946	3,414,946	-	99,629	3,514,575
Other comprehensive(expense)/ income (net of tax)	-	-	(19)	-	(1,002,940)	-	-	348,964	192,475	(200)	-	-	(461,720)	-	(41,336)	(503,056)
- financial investments available-for-sale	-	-	-	-	-	-	-	348,964	-	-	-	-	348,964	-	8,385	357,349
- net investment hedge	-	-	-	-	-	-	-	-	188,023	-	-	-	188,023	-	-	188,023
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	6,234	-	-	-	6,234	-	-	6,234
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(1,782)	-	-	-	(1,782)	-	-	(1,782)
- currency translation difference	-	-	(19)	-	(1,005,651)	-	-	-	-	(200)	-	-	(1,005,870)	-	(49,721)	(1,055,591)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	2,711	-	-	-	-	-	-	-	2,711	-	-	2,711
Total comprehensive (expense)/income for the financial period	-	-	(19)	-	(1,002,940)	-	-	348,964	192,475	(200)	-	3,414,946	2,953,226	-	58,293	3,011,519
Transition to no-par value regime on 31 January 2017 ^	11,476,201	(11,476,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(1,064,206)	(1,064,206)	-	-	(1,064,206)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,017)	(32,017)
Non-controlling interest share of dividend	-	-	(4,937,533)	-	-	-	-	-	-	-	-	4,937,533	-	-	-	-
Transfer from statutory reserve	-	-	-	-	-	-	-	-	-	-	139,193	(139,193)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,155	28,155
Share-based payment expense	-	-	-	-	-	-	-	-	-	38,892	-	-	38,892	-	-	38,892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	37,047	(34,490)	-	-	2,557	-	-	2,557
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(63,995)	-	-	-	(63,995)	-	-	(63,995)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	-	-	-	-	-	-	870,863	-	-	870,863
<b>At 30 September 2017</b>	<b>21,215,448</b>	<b>-</b>	<b>1,639,172</b>	<b>137,104</b>	<b>1,444,112</b>	<b>(563)</b>	<b>(43)</b>	<b>483,211</b>	<b>(1,545,225)</b>	<b>55,649</b>	<b>1,460,833</b>	<b>23,155,814</b>	<b>48,045,512</b>	<b>200,000</b>	<b>1,625,414</b>	<b>49,870,926</b>

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

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

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
<b>The Company</b>							
<b>At 1 January 2018</b>	22,183,226	55,982	(43)	-	26,619	656,679	22,922,463
Effect of adopting MFRS 9 (Note 35)	-	-	-	37,195	(26,619)	(37,130)	(26,554)
<b>At 1 January 2018, as restated</b>	<b>22,183,226</b>	<b>55,982</b>	<b>(43)</b>	<b>37,195</b>	<b>-</b>	<b>619,549</b>	<b>22,895,909</b>
Profit for the financial period	-	-	-	-	-	2,390,473	2,390,473
Other comprehensive expense (net of tax)	-	-	-	(1,600)	-	-	(1,600)
- Debt instruments at fair value through other comprehensive income	-	-	-	(1,600)	-	-	(1,600)
Total comprehensive (expense)/income for the financial period	-	-	-	(1,600)	-	2,390,473	2,388,873
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	(1,107,065)	(1,107,065)
- single tier second interim dividend	-	-	-	-	-	-	-
Issuance of shares through dividend reinvestment scheme	897,612	-	-	-	-	-	897,612
<b>At 30 September 2018</b>	<b>23,080,838</b>	<b>55,982</b>	<b>(43)</b>	<b>35,595</b>	<b>-</b>	<b>1,902,957</b>	<b>25,075,329</b>

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
<b>The Company</b>							
<b>At 1 January 2017</b>	8,868,384	11,476,201	55,982	(43)	25,406	1,370,304	21,796,234
Profit for the financial period	-	-	-	-	-	1,638,881	1,638,881
Other comprehensive income (net of tax)	-	-	-	-	7,299	-	7,299
- financial investments available-for-sales	-	-	-	-	7,299	-	7,299
Total comprehensive income for the financial period	-	-	-	-	7,299	1,638,881	1,646,180
Transition to no-par value regime on 31 January 2017 <sup>^</sup>	11,476,201	(11,476,201)	-	-	-	-	-
Dividend for the financial year ended 31 December 2016	-	-	-	-	-	(1,064,206)	(1,064,206)
- single tier second interim dividend	-	-	-	-	-	-	-
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	870,863
<b>At 30 September 2017</b>	<b>21,215,448</b>	<b>-</b>	<b>55,982</b>	<b>(43)</b>	<b>32,705</b>	<b>1,944,979</b>	<b>23,249,071</b>

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

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 September 2018 RM'000</b>	<b>30 September 2017 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2017 RM'000</b>
Profit before taxation and zakat	<b>5,688,454</b>	4,574,606	<b>2,394,387</b>	1,639,598
Adjustments for non-operating and non-cash items	<b>182,764</b>	5,138,065	<b>(2,406,131)</b>	10,550
Operating profit/(loss) before changes in working capital	<b>5,871,218</b>	9,712,671	<b>(11,744)</b>	1,650,148
Net changes in operating assets	<b>(21,726,388)</b>	(10,790,132)	<b>(3,040)</b>	(198,559)
Net changes in operating liabilities	<b>20,956,582</b>	13,354,550	<b>(3,253)</b>	102,595
	<b>(769,806)</b>	2,564,418	<b>(6,293)</b>	(95,964)
Cash flows generated from/(used in) operations	<b>5,101,412</b>	12,277,089	<b>(18,037)</b>	1,554,184
Taxation paid	<b>(879,207)</b>	(762,295)	<b>(2,075)</b>	(1,795)
Net cash flows generated from/(used in) operating activities	<b>4,222,205</b>	11,514,794	<b>(20,112)</b>	1,552,389
Net cash flows (used in)/generated from investing activities	<b>(5,521,739)</b>	(5,371,669)	<b>261,346</b>	(353,147)
Net cash flows (used in)/generated from financing activities	<b>(2,023,846)</b>	10,734,204	<b>1,184,321</b>	(386,385)
Net (decrease)/increase in cash and cash equivalents during the financial period	<b>(3,323,380)</b>	16,877,329	<b>1,425,555</b>	812,857
Effects of exchange rate changes	<b>(228,176)</b>	(1,447,330)	-	-
Cash and short-term funds at beginning of the financial period	<b>41,667,884</b>	26,709,687	<b>182,809</b>	587,828
<b>Cash and short-term funds at end of the financial period</b>	<b>38,116,328</b>	42,139,686	<b>1,608,364</b>	1,400,685
Statutory deposits with Bank Indonesia*	<b>(3,207,130)</b>	(4,080,198)	-	-
Monies held in trust	<b>(101,186)</b>	(76,775)	-	-
<b>Cash and cash equivalents at end of the financial period</b>	<b>34,808,012</b>	37,982,713	<b>1,608,364</b>	1,400,685

\* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017*



## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial period ended 30 September 2018 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments, investment properties and 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 Company's audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2017.

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

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

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Company apply MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedging relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2017 will not be restated. The impact of adoption of MFRS 9 to the Group and the Company are disclosed in Note A35.

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 Company, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained earnings as at 1 January 2018.

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

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

### **A2. CHANGES IN ESTIMATES**

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

### A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2018:-

(a) On 28 February 2018, the Company announced that it will seek its shareholders' approval at its 61th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 26 April 2018.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2017 and the corresponding DRS was fixed for 30 March 2018. The Group had, on 30 April 2018, issued and allotted 140,251,847 new ordinary shares ("New CIMB Shares"). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Tuesday, 2 May 2018. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMB Group Holdings Berhad ("CIMBGH") is 9,365,799,289 shares.

The entitlement date pursuant to Single Tier First Interim Dividend for financial year ending 31 December 2018 and the corresponding DRS was fixed for 26 September 2018. The Group had, on 24 October 2018, issued and allotted 198,660,129 new ordinary shares ("New CIMB Shares"). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 25 October 2018. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,564,459,418 shares

(c) On 22 January 2018, CIMB Bank has redeemed its HKD171 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(d) On 13 February 2018, CIMB Bank completed the capital injection of USD6.2 million into new ordinary shares of CIMB Bank PLC. The new ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.

(e) On 22 March 2018, CIMB Bank has redeemed its SGD20 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(f) On 29 March 2018, CIMB Group Holdings Berhad issued MYR700.0 Million 10 years non-callable 5 years Tier 2 subordinated debt bearing a fixed rate coupon of 4.95% p.a.. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM700.0 Million Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

(g) On 29 March 2018, CIMB Thai Bank issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai Bank has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/ 2561.

(h) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM80 million.

(i) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank, undertook a partial redemption of the Medium Term Note amounting to RM55.8 million.

(j) On 21 June 2018, CIMB Bank issued 224.6 million Rights Issue at RM5.69 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM1,278 million.

(k) CIMB Bank had redeemed its SGD100 million 3-year senior fixed rate notes with a maturity date of 30 June 2018 issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(l) On 6 August 2018, CIMB Bank has redeemed its CNY220 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(m) On 3 September 2018, CIMB Niaga has redeemed its series A Bond of IDR2,000,000 million bonds amounted to IDR802,000 million.

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

(n) On 4 September 2018, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018 and CIMB Thai Bank successfully raised a total capital of approximately THB4.0 billion.

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

(o) On 13 September 2018, CIMB Bank has redeemed its RM750 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.

(p) On 13 September 2018, CIMB Group Holdings Berhad issued RM1.2 Billion 11-years non-callable 6 years Tier 2 subordinated debt bearing a fixed rate coupon of 4.88% p.a.. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM1.2 Billion Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

(q) On 20 Sep 2018, CIMB Niaga issued IDR1,021,000 million bonds. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR766,000 million, IDR137,000 million and IDR118,000 million respectively, with fixed interest rate of 7.50%, 8.50% and 8.80% per annum respectively.

(r) On 5 October 2018, CIMB Bank has redeemed its RM1.0 billion Subordinated Bonds issued under the Innovative Tier-1 Capital Securities Programme .

(s) On 16 October 2018, CIMB Bank has redeemed its RM300 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.

(t) On 23 October 2018, the Company issued RM1.0 Billion perpetual subordinated capital securities. ("Additional Tier 1 Securities"). The securities, which qualify as Additional Tier 1 Capital for CIMB Group Holdings Berhad on a group consolidated level, carry a distribution rate of 5.40% p.a. The Additional Tier 1 Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM. The proceeds from the issuance was used to subscribe to similar securities issued by CIMB Bank Berhad.

(u) On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion with fixed interest rate of 9.85% per annum and maturity date of 15 November 2023.

(v) On 15 November 2018, CIMB Niaga issued Series B Subordinated Bond of IDR75 billion with fixed interest rate of 10.00% per annum and maturity date of 15 November 2025.

### **A4. DIVIDENDS PAID AND PROPOSED**

A single-tier second interim dividend of 12.00 sen per ordinary share, on 9,225,542,534 ordinary shares amounting to RM1,107,065,104 in respect of the financial year ended 31 December 2017 was approved by the Board of Directors on 29 January 2018. The dividend consists of an electable portion of 12.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme ("DRS"). Following the completion of the DRS, a total cash dividend of RM209,453,283 was paid on 30 April 2018.

A single-tier first interim dividend of 13.00 sen per ordinary share, on 9,365,794,381 ordinary shares amounting to RM1,218,773,727 in respect of the financial year ending 31 December 2018 was approved by the Board of Directors on 27 July 2018. The dividend consists of an electable portion of 13.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme ("DRS"). Following the completion of the DRS, a total cash dividend of RM166,641,187 was paid on 24 October 2018.

No dividend has been proposed during the financial period ended 30 September 2018.

## **A5. STATUS OF CORPORATE PROPOSAL**

(a) On 17 October 2016, the Group announced that CIMB Group Sdn Bhd (“CIMBG”), a wholly-owned subsidiary of the Company, has signed a Heads of Terms with China Galaxy International Financial Holdings Limited (“CGI”), a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. (“CGS”), with respect to a potential strategic partnership in the cash equities business in the region (“Proposed Partnership”). On 6 June 2017, CIMBG has signed a conditional Share Purchase Agreement with CGI with respect to the sale of 50% of the issued and paid-up share capital of CIMB Securities International Pte. Ltd. (“CSI”) to CGI (“Proposed Disposal”).

CSI is a wholly-owned subsidiary of CIMBG, and is the holding company for the cash equities business comprising institutional and retail brokerage, equities research and associated securities businesses in Indonesia, Singapore, Thailand, Hong Kong, India, South Korea, United Kingdom and the United States of America.

The consideration for the Proposed Disposal amounts to approximately S\$167 million (approximately RM515 million), and is subject to completion audit adjustment, if any. The Proposed Disposal is completed on 18 January 2018.

On 6 September 2017, CIMBG signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities Sdn Bhd (“Jupiter Securities”) for a cash consideration of RM55 million (“Proposed Acquisition”). The proposed acquisition is in connection with the proposed partnership with CGI, wherein Jupiter Securities shall be the platform for the partnership’s operations in Malaysia.

The Securities Commission has on 2 April 2018 approved the Proposed Acquisition and the proposed sale of CIMBG’s Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities Sdn Bhd (“Jupiter Securities”) in connection with the Proposed Partnership. On 10 August 2018, the Group announced that approval from BNM has been received. On 28 September 2018, the Proposed Acquisition has been completed.

(b) On 24 July 2017, Touch 'n Go Sdn. Bhd (“TnG”), a 52.22% subsidiary of CIMB Group has entered into an Investment Agreement with Alipay Singapore E-commerce Pte Ltd (“Alipay”), a subsidiary of Ant Financial Services Group to set up a joint venture entity to be incorporated in Malaysia, where TnG will participate as a majority shareholder and Alipay will participate as a minority shareholder to launch a new mobile platform for payments and other related financial services in Malaysia (“Proposed Joint Venture”). On 8 November 2017, BNM has approved the incorporation of TNG Digital Sdn Bhd (“TNG Digital”).

On 8 January 2018, BNM has granted to TNG Digital the approval to issue Designated Payment Instrument under Section 11 of the Financial Services Act 2013. On 14 February 2018, the Proposed Joint Venture has been completed. Upon completion, TNG Digital is a subsidiary of CIMB Group and TnG.

(c) On 11 January 2018, CIMB Group Sdn Bhd (“CIMBG”) entered into sale and purchase agreements to divest 20% equity stake in CIMB-Principal Asset Management Bhd (“CPAM”) to Principal International (Asia) Limited (“PIA”) and 10% equity stake in CIMB-Principal Islamic Asset Management Sdn Bhd (“CPIAM”) to Principal Financial Services Inc. (“PFI”) for a total consideration of RM470,294,050 (“Proposed Divestment”). PIA and PFI are the existing shareholders of CPAM and CPIAM respectively, and are subsidiaries of Principal Financial Group Inc. CPAM and CPIAM had obtained the Securities Commission Malaysia’s approval on the proposed changes of its controlling shareholder on 9 April 2018.

On 25 May 2018, the proposed divestment was completed, and CPAM ceased to be a subsidiary of the Group. The Group is expected to recognise a gain of approximately RM920 million and about 15 bps increase in its Common Equity Tier 1 (“CET1”) ratio arising from the Proposed Divestment, subject to final adjustments.

(d) On 2 July 2018, CIMB Bank Philippines Inc. (“CIMBPH”), a foreign bank branch of CIMB Bank, entered into a Memorandum of Agreement (“MOA”) with I-Pay MYEG Philippines Inc (“IPMPI”) for the purpose of marketing CIMBPH’s financial products on IPMPI’s digital services and platforms to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the date CIMBPH commences its banking operations.

(e) On 24 August 2018, CIMBPH signed a MOA with G-Xchange, Inc (“GXI”). GXI is a wholly-owned subsidiary of Globe Fintech Innovations, Inc. (“Mynt”), which in turn is owned by Ant Financial, Ayala Corporation, and Globe Telecom. The agreement is for the purpose of creating and marketing innovative financial products on GXI’s digital platform to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the signing date.

## **A6. EVENTS DURING THE REPORTING PERIOD**

There was no significant events that had occurred during the current reporting period.

## **A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

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

**PART A - EXPLANATORY NOTES**

**A8. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

As at 30 September 2018, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM3,338,900 and RM4,926,000 respectively. The 12-month expected credit losses made in the income statement during the financial period is amounting to RM3,470,000.

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group 30 September 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	1,155,065	-
Cagamas bonds	463,530	-
Khazanah bonds	4,341	-
Malaysian Government treasury bills	227,476	-
Bank Negara Malaysia monetary notes	99,362	-
Negotiable instruments of deposit	6,156,717	-
Other Government securities	3,490,026	-
Government Investment Issues	220,870	-
Other Government treasury bills	4,764,161	-
Commercial papers	1,279,721	-
Bankers' acceptance	327,858	-
	<b>18,189,127</b>	-
<b>Quoted securities:</b>		
<i><u>In Malaysia:</u></i>		
Shares	489,414	-
<i><u>Outside Malaysia:</u></i>		
Shares	113,467	-
	<b>602,881</b>	-
<b>Unquoted securities:</b>		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	2,281,893	-
Shares	859,454	-
Unit trusts	27,947	-
<i><u>Outside Malaysia:</u></i>		
Corporate bond	3,207,796	-
Private equity and unit trusts funds	410,380	-
Other Government bonds	189,599	-
	<b>6,977,069</b>	-
	<b>25,769,077</b>	-

**A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	The Group		The Company	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Fair value</b>				
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	770,214	-	-	-
Cagamas bonds	204,584	-	-	-
Khazanah bonds	65,343	-	-	-
Negotiable instruments of deposit	377,054	-	-	-
Other Government securities	2,272,417	-	-	-
Government investment Issues	1,108,109	-	-	-
Other Government treasury bills	78,639	-	-	-
Commercial Papers	59,697	-	-	-
	<b>4,936,057</b>	-	-	-
<b>Unquoted securities:</b>				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	13,136,222	-	1,450,435	-
		-		-
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,926,879	-	-	-
Bank Indonesia certificates	288,743	-	-	-
Other Government bonds	3,863,961	-	-	-
Unit trusts	1	-	-	-
	<b>26,215,806</b>	-	<b>1,450,435</b>	-
	<b>31,151,863</b>	-	<b>1,450,435</b>	-

**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)	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
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	26,883	4,050	133,306	164,239
<b>Adjusted 1 January 2018</b>	<b>26,883</b>	<b>4,050</b>	<b>133,306</b>	<b>164,239</b>
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(44)	44	-	-
	<b>(44)</b>	<b>44</b>	<b>-</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(17,933)</b>	<b>16,408</b>	<b>2,880</b>	<b>1,355</b>
New financial assets purchased	26,082	99	-	26,181
Financial assets that have been derecognised	(4,490)	(161)	-	(4,651)
Change in credit risk	(39,525)	16,470	2,880	(20,175)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(380)	(3)	(24)	(407)
Other movements	-	-	(40,177)	(40,177)
<b>At 30 September 2018</b>	<b>8,526</b>	<b>20,499</b>	<b>30,306</b>	<b>59,331</b>

**A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)**

**Expected credit losses movement for debt instruments at fair value through other comprehensive income (Continued):**

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. (continued)

	The Company			
	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	10,577	-	-	10,577
Adjusted 1 January 2018	10,577	-	-	10,577
<b>Total charge to Income Statement:</b>	<b>1,410</b>	<b>-</b>	<b>-</b>	<b>1,410</b>
Change in credit risk	1,410	-	-	1,410
At 30 September 2018	11,987	-	-	11,987

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

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

**A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	The Group		The Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities</b>				
<i>In Malaysia</i>				
Shares	54,177	-	-	-
<i>Outside Malaysia</i>				
Shares	3,008	-	-	-
Unit trust	5,610	-	-	-
	62,795	-	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Shares	195,306	-	-	-
Property funds	177	-	-	-
Perpetual corporate bonds	330,217	-	-	-
<i>Outside Malaysia</i>				
Shares	4,662	-	-	-
Private equity funds and unit trusts funds	515,112	-	-	-
	1,045,474	-	-	-
	1,108,269	-	-	-

**A12. DEBT INSTRUMENTS AT AMORTISED COST**

	The Group		The Company	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government securities	3,131,657	-	-	-
Cagamas bonds	247,839	-	-	-
Other Government treasury bills	2,258,007	-	-	-
Other Government securities	1,485,835	-	-	-
Malaysian Government investment issue	8,843,012	-	-	-
Khazanah bonds	397,255	-	-	-
	16,363,605	-	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Corporate bond and Sukuk	16,946,901	-	5,465,811	-
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	2,854,431	-	-	-
Bank Indonesia certificates	155,400	-	-	-
Other Government bonds	2,597,776	-	-	-
	22,554,508	-	5,465,811	-
Total	38,918,113	-	5,465,811	-
Amortisation of premium, net of accretion of discount	146,056	-	-	-
Less : Expected credit losses	(128,505)	-	(46,099)	-
	38,935,664	-	5,419,712	-

**Expected credit losses movement for debt instruments at amortised cost:**

	The Group			
	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	RM'000
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	11,691	9,876	11,664	33,231
<b>Adjusted 1 January 2018</b>	11,691	9,876	11,664	33,231
Transferred to Stage 2	(46)	46	-	-
<b>Total charge to Income Statement:</b>	623	94,890	-	95,513
New financial assets purchased	6,649	-	-	6,649
Financial assets that have been derecognised	(220)	(13)	-	(233)
Change in credit risk	(5,806)	94,903	-	89,097
Exchange fluctuation	75	-	(314)	(239)
<b>At 30 September 2018</b>	12,343	104,812	11,350	128,505



**A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)**

**Expected credit losses movement for debt instruments at amortised cost (Continued):**

	<b>The Company</b>			<b>Total RM'000</b>	
	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>		
	<b>At 1 January 2018</b>	-	-		-
	Effect of adopting MFRS 9	26,554	-		-
<b>Adjusted 1 January 2018</b>	26,554	-	-		
<b>Total charge to Income Statement:</b>	<b>19,545</b>	<b>-</b>	<b>-</b>	<b>19,545</b>	
Change in credit risk	19,545	-	-	19,545	
<b>At 30 September 2018</b>	<b>46,099</b>	<b>-</b>	<b>-</b>	<b>46,099</b>	

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

	<b>The Group</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	-	-
Effect of adopting MFRS 9	11,664	11,664
<b>Adjusted 1 January 2018</b>	11,664	11,664
Exchange fluctuation	(314)	(314)
<b>At 30 September 2018</b>	<b>11,350</b>	<b>11,350</b>

**A13. FINANCIAL ASSETS HELD FOR TRADING**

	<b>The Group</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	-	365,484
Cagamas bonds	-	188,085
Malaysian Government treasury bills	-	25,298
Bank Negara Malaysia Monetary Notes	-	99,343
Negotiable instruments of deposit	-	6,288,869
Bankers' acceptances	-	22,149
Other Government securities	-	2,273,146
Other Government treasury bills	-	4,099,551
Commercial papers	-	72,816
Government Investment Issues	-	451,167
	-	13,885,908
<b>Quoted securities:</b>		
<u><i>In Malaysia:</i></u>		
Shares	-	819,147
<u><i>Outside Malaysia:</i></u>		
Shares	-	511,385
Corporate bond and Sukuk	-	289,339
Other Government bonds	-	942,214
Investment linked funds	-	18,133
	-	2,580,218
<b>Unquoted securities:</b>		
<u><i>In Malaysia:</i></u>		
Corporate bond and Sukuk	-	2,087,738
Shares	-	1
<u><i>Outside Malaysia:</i></u>		
Corporate bond and Sukuk	-	2,939,105
Private equity funds	-	164,242
	-	5,191,086
	-	21,657,212

**A14. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	The Group		The Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	-	289,569	-	-
Cagamas bonds	-	140,874	-	-
Khazanah bonds	-	132,052	-	-
Other Government securities	-	598,316	-	-
Government Investment Issues	-	696,373	-	-
Commercial papers	-	39,825	-	-
Negotiable instruments of deposit	-	482,401	-	-
Malaysian Government Sukuk	-	22,107	-	-
	-	2,401,517	-	-
<b>Quoted securities:</b>				
<i>In Malaysia:</i>				
Shares	-	159,003	-	-
<i>Outside Malaysia:</i>				
Shares	-	82,267	-	-
Corporate bond and Sukuk	-	2,051,746	-	-
Other Government bonds	-	5,602,641	-	-
Unit trusts	-	24,511	-	-
	-	7,920,168	-	-
<b>Unquoted securities:</b>				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	-	13,763,383	-	1,433,024
Shares	-	1,172,471	-	-
Loan stocks	-	10,087	-	-
Property funds	-	355	-	-
Unit trusts	-	10,274	-	-
<i>Outside Malaysia:</i>				
Shares	-	52,734	-	-
Private equity funds and unit trust funds	-	480,263	-	-
Corporate bond and Sukuk	-	7,164,958	-	-
Loan stocks	-	1,105	-	-
	-	22,655,630	-	1,433,024
	-	32,977,315	-	1,433,024
<b>Allowance for impairment losses:</b>				
Corporate bond	-	(67,809)	-	-
Private equity funds	-	(124,472)	-	-
Quoted shares	-	(170,361)	-	-
Unquoted shares	-	(184,020)	-	-
Unit trusts	-	(16,580)	-	-
Loan stocks	-	(10,087)	-	-
	-	(573,329)	-	-
	-	32,403,986	-	1,433,024

**A15. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	The Group		The Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	-	2,978,916	-	-
Cagamas bonds	-	203,649	-	-
Other Government securities	-	1,004,223	-	-
Other Government treasury bills	-	2,311,257	-	-
Khazanah bonds	-	448,191	-	-
Government Investment Issues	-	8,328,896	-	-
	-	15,275,132	-	-
<b>Quoted securities</b>				
<i>Outside Malaysia</i>				
Corporate bond	-	193,329	-	-
Islamic bonds	-	7,485	-	-
Other Government bonds	-	2,233,123	-	-
Bank Indonesia certificates	-	157,895	-	-
	-	2,591,832	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Corporate bond	-	16,613,688	-	3,518,264
Loan stocks	-	7,020	-	-
<i>Outside Malaysia</i>				
Corporate bond and sukuk	-	2,398,812	-	-
	-	19,019,520	-	3,518,264
	-	36,886,484	-	3,518,264
Amortisation of premium, net of accretion of discount	-	47,031	-	-
Less : Allowance for impairment losses	-	(12,300)	-	-
	-	36,921,215	-	3,518,264

## A16. LOANS, ADVANCES AND FINANCING

### (i) By type

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>		
Overdrafts	5,241,787	5,389,504
Term loans/financing		
- Housing loans/financing	92,857,314	87,868,442
- Syndicated term loans	18,208,941	16,393,012
- Hire purchase receivables	20,619,163	19,672,035
- Lease receivables	21,667	59,395
- Factoring receivables	21,324	13,225
- Other term loans/financing	118,735,102	113,732,153
Bills receivable	8,819,629	9,695,303
Trust receipts	2,535,675	1,822,183
Claims on customers under acceptance credits	4,897,329	5,050,615
Staff loans *	1,432,400	1,337,784
Credit card receivables	9,185,230	9,567,761
Revolving credits	57,310,198	52,726,001
Share margin financing	759,052	888,736
Other loans	2,788	1,905
Gross loans, advances and financing at amortised cost	<b>340,647,599</b>	324,218,054
<b>At fair value through profit or loss</b>		
Term loans/financing		
- Syndicated term loan	836,498	-
- Other term loans/financing	367	-
Gross loans, advances and financing at fair value through profit or loss	<b>836,865</b>	-
Total Gross loans, advances and financing	<b>341,484,464</b>	324,218,054
Fair value changes arising from fair value hedges	37,816	86,537
	<b>341,522,280</b>	324,304,591
Less: Expected credit losses/allowance for impairment losses		
<b>At amortised cost:</b>		
- Expected credit losses on loans, advances and financing	(9,647,994)	-
- Individual impairment allowance	-	(4,613,542)
- Portfolio impairment allowance	-	(3,134,037)
	<b>(9,647,994)</b>	<b>(7,747,579)</b>
<b>Total net loans, advances and financing</b>	<b>331,874,286</b>	316,557,012

\* Included in staff loans of the Group are loans to Directors amounting to RM53,772,379 (2017: RM46,704,157).

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

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM4,165,403,000 (2017: RM4,271,223,000), using interest rate swaps.

### (ii) By type of customers

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
Domestic banking institutions	118,492	17,862
Domestic non-bank financial institutions		
- stockbroking companies	2,001	102,604
- others	4,200,642	3,887,681
Domestic business enterprises		
- small medium enterprises	47,875,692	48,873,016
- others	60,415,126	57,184,402
Government and statutory bodies	10,253,078	10,018,671
Individuals	167,566,962	159,515,156
Other domestic entities	7,145,954	5,449,813
Foreign entities	43,906,517	39,168,849
Gross loans, advances and financing	<b>341,484,464</b>	324,218,054

**A16. LOANS, ADVANCES AND FINANCING (Continued)**

**(iii) By interest/profit rate sensitivity**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,473,703	2,523,614
- Hire-purchase receivables	13,531,748	11,684,046
- Other fixed rate loans	39,707,689	37,665,013
Variable rate		
- BLR plus	135,795,203	145,508,709
- Cost plus	50,871,403	41,836,963
- Other variable rates	99,104,718	84,999,709
Gross loans, advances and financing	<b>341,484,464</b>	<b>324,218,054</b>

**(iv) By economic purpose**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
Personal use	13,701,658	13,116,119
Credit card	9,185,230	9,567,761
Purchase of consumer durables	81,777	90,220
Construction	13,576,348	12,261,920
Residential property (Housing)	95,423,415	90,672,129
Non-residential property	26,865,192	24,942,544
Purchase of fixed assets other than land and building	13,726,193	14,142,544
Mergers and acquisitions	2,773,163	2,241,907
Purchase of securities	27,134,634	25,104,374
Purchase of transport vehicles	21,733,124	21,587,679
Working capital	89,367,818	85,385,032
Other purposes	27,915,912	25,105,825
Gross loans, advances and financing	<b>341,484,464</b>	<b>324,218,054</b>

**(v) By geographical distribution**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
Malaysia	203,500,766	189,151,339
Indonesia	55,069,585	59,764,044
Thailand	32,287,090	30,691,840
Singapore	30,117,270	26,295,806
United Kingdom	4,609,305	3,890,933
Hong Kong	2,610,425	2,390,059
China	3,955,165	4,601,331
Other countries	9,334,858	7,432,702
Gross loans, advances and financing	<b>341,484,464</b>	<b>324,218,054</b>

**(vi) By economic sector**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	11,749,439	11,541,337
Mining and quarrying	7,382,926	7,313,693
Manufacturing	25,543,895	25,835,780
Electricity, gas and water supply	5,403,203	3,004,095
Construction	13,611,863	12,705,503
Transport, storage and communications	11,489,458	10,614,442
Education, health and others	16,246,231	16,172,795
Wholesale and retail trade, and restaurants and hotels	31,656,754	30,536,772
Finance, insurance/takaful, real estate and business activities	44,175,355	39,840,410
Household	158,791,833	150,715,323
Others	15,433,507	15,937,904
	<b>341,484,464</b>	<b>324,218,054</b>

**A16. LOANS, ADVANCES AND FINANCING (Continued)**

**(vii) By residual contractual maturity**

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	<b>90,384,650</b>	82,511,335
One year to less than three years	<b>31,580,309</b>	33,496,186
Three years to less than five years	<b>32,831,522</b>	29,526,751
Five years and more	<b>186,687,983</b>	178,683,782
Gross loans, advances and financing	<b>341,484,464</b>	324,218,054

**(viii) Credit impaired/Impaired loans, advances and financing by economic purpose**

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Personal use	<b>598,562</b>	432,552
Credit card	<b>160,701</b>	175,120
Purchase of consumer durables	<b>506</b>	342
Construction	<b>1,525,455</b>	1,520,589
Residential property (Housing)	<b>1,573,473</b>	1,417,968
Non-residential property	<b>294,458</b>	271,156
Purchase of fixed assets other than land and building	<b>769,243</b>	861,549
Mergers and acquisitions	<b>79,759</b>	152,701
Purchase of securities	<b>144,263</b>	143,268
Purchase of transport vehicles	<b>258,198</b>	296,207
Working capital	<b>3,979,558</b>	4,591,169
Other purpose	<b>1,098,674</b>	1,131,059
Gross credit impaired/impaired loans, advances and financing	<b>10,482,850</b>	10,993,680

**(ix) Credit impaired/impaired loans, advances and financing by geographical distribution**

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>3,532,462</b>	3,555,830
Indonesia	<b>3,245,405</b>	3,880,630
Thailand	<b>2,730,898</b>	2,557,106
Singapore	<b>685,981</b>	710,639
United Kingdom	<b>8,000</b>	7,499
China	<b>23,709</b>	23,234
Other countries	<b>256,395</b>	258,742
Gross credit impaired/ impaired loans, advances and financing	<b>10,482,850</b>	10,993,680

**(x) Credit impaired/impaired loans, advances and financing by economic sector**

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>187,126</b>	219,918
Mining and quarrying	<b>1,149,399</b>	1,368,474
Manufacturing	<b>2,091,034</b>	1,696,913
Electricity, gas and water supply	<b>31,531</b>	1,725
Construction	<b>285,609</b>	238,017
Transport, storage and communications	<b>1,159,272</b>	1,474,603
Education, health and others	<b>223,550</b>	234,059
Wholesale and retail trade, and restaurants and hotels	<b>2,012,196</b>	2,268,267
Finance, insurance/takaful, real estate and business activities	<b>733,911</b>	890,998
Household	<b>2,337,682</b>	2,250,610
Others	<b>271,540</b>	350,096
Gross credit impaired/ impaired loans, advances and financing	<b>10,482,850</b>	10,993,680

A16. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group							Total RM'000	
	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	Purchased credit impaired RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000			
	<b>Loans, advances and financing at amortised cost</b>								
	<b>At 1 January 2018</b>	-	-	-	-	4,613,542	3,134,037		7,747,579
Effect of adopting MFRS 9	2,595,298	1,271,097	6,063,509	7,561	(4,613,542)	(3,134,037)	2,189,886		
<b>Adjusted 1 January 2018</b>	2,595,298	1,271,097	6,063,509	7,561	-	-	9,937,465		
Changes in expected credit losses due to transferred within stages:	618,733	(575,737)	(42,996)	-	-	-	-		
Transferred to Stage 1	1,088,926	(841,764)	(247,162)	-	-	-	-		
Transferred to Stage 2	(392,838)	652,075	(259,237)	-	-	-	-		
Transferred to Stage 3	(77,355)	(386,048)	463,403	-	-	-	-		
<b>Total charge to Income Statement:</b>	(385,416)	433,803	1,544,412	(3,102)	-	-	1,589,697		
New financial assets originated	994,206	7,664	75,266	-	-	-	1,077,136		
Financial assets that have been derecognised	(737,731)	(288,770)	-	-	-	-	(1,026,501)		
Writeback in respect of full recoveries	-	-	(113,896)	-	-	-	(113,896)		
Change in credit risk	(641,891)	714,909	1,583,042	(3,102)	-	-	1,652,958		
Write-offs	(1,861)	(109)	(1,568,778)	(2,018)	-	-	(1,572,766)		
Exchange fluctuation	(110,613)	(29,076)	(179,514)	120	-	-	(319,083)		
Other movements	1,893	10,175	613	-	-	-	12,681		
<b>At 30 September 2018</b>	2,718,034	1,110,153	5,817,246	2,561	-	-	9,647,994		

30 September 2018

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

CIMB Bank	CIMB Islamic Bank	CIMB Investment Bank
1.0%	1.0%	1.0%

At 1 January 2017

Net allowance made during the financial year

Amount written off

Allowance transferred to non-current asset held for sale

Allowance for impaired loan disposed to third party

Unwinding income

Exchange fluctuation

At 31 December 2017

The Group	
Individual impairment allowance RM'000	Portfolio impairment allowance RM'000
4,735,298	3,761,178
1,464,245	1,264,288
(1,013,707)	(1,591,550)
(22,223)	-
(323,132)	(19,187)
(35,836)	(47,517)
(191,103)	(233,175)
4,613,542	3,134,037

Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance

1.49%



**A16. LOANS, ADVANCES AND FINANCING (Continued)**

**(xii) Movements in credit impaired/ 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	Impaired loans under MFRS 139 RM'000	
<b>At 1 January 2018</b>	-	-	10,993,680	10,993,680
Effect of adopting MFRS 9	11,107,938	9,431	(10,993,680)	123,689
<b>Adjusted 1 January 2018</b>	11,107,938	9,431	-	11,117,369
Transfer within stages	1,128,697	-	-	1,128,697
New financial assets originated	287,454	-	-	287,454
Write-offs	(1,569,855)	(2,018)	-	(1,571,873)
Amount fully recovered	(210,752)	-	-	(210,752)
Other changes in loans, advances and financing	(174,330)	(83)	-	(174,413)
Exchange fluctuation	(93,900)	268	-	(93,632)
<b>At 30 September 2018</b>	10,475,252	7,598	-	10,482,850

**The Group  
30 September  
2018**

**Ratio of credit impaired loans to total loans, advances and financing**

**3.07%**

**Impaired loans under MFRS 139**

	The Group RM'000
At 1 January 2017	10,645,339
Classified as impaired during the financial year	6,823,059
Reclassified as not impaired during the financial year	(2,237,254)
Amount written back in respect of recoveries	(1,141,212)
Amount written off	(2,606,446)
Sale of impaired loans	(523,904)
Reclassification to non-current asset held for sale	(21,666)
Exchange fluctuation	55,764
At 31 December 2017	10,993,680

Ratio of gross impaired loans to gross loans, advances and financing

3.39%

#### A17. OTHER ASSETS

	The Group		The Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Due from brokers and clients net of expected credit losses/allowance	1,382,584	1,333,540	-	-
Other debtors, deposits and prepayments, net of expected credit losses/allowance	6,059,298	5,836,209	92,988	42,195
Due from a joint venture	988,748	1,060,030	-	-
Structured financing	1,244,050	1,393,843	-	-
Foreclosed assets net of allowance for impairment losses	177,160	225,572	-	-
Collateral for securities borrowings	206	65,702	-	-
Collateral pledged for derivative transactions	2,415,894	2,232,436	-	-
Deferred consideration	156,236	-	-	-
	<b>12,424,176</b>	<b>12,147,332</b>	<b>92,988</b>	<b>42,195</b>

#### A18. DEPOSITS FROM CUSTOMERS

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
<u>By type of deposit</u>		
Demand deposits	75,348,713	79,756,629
Savings deposits	44,193,262	44,866,036
Fixed deposits	156,043,343	152,681,467
Negotiable instruments of deposit	184,140	757,296
Others	79,853,956	70,456,849
	<b>355,623,414</b>	<b>348,518,277</b>

#### By type of customer

Government and statutory bodies	11,462,529	12,138,585
Business enterprises	140,544,730	125,298,378
Individuals	150,355,241	152,824,739
Others	53,260,914	58,256,575
	<b>355,623,414</b>	<b>348,518,277</b>

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

Due within six months	116,482,569	130,397,967
Six months to less than one year	38,116,505	21,691,798
One year to less than three years	1,237,677	817,391
Three years to less than five years	317,004	503,703
Five years and more	73,728	27,904
	<b>156,227,483</b>	<b>153,438,763</b>

#### A19. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
Unrestricted investment accounts	3,439,547	907,763

**A20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
Licensed banks	22,119,429	16,147,617
Licensed finance companies	1,051,539	1,223,313
Licensed investment banks	61,226	28,577
Bank Negara Malaysia	5,471	6,176
Other financial institutions	1,618,869	2,345,893
	<b>24,856,534</b>	<b>19,751,576</b>

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

Due within six months	24,304,820	18,881,063
Six months to less than one year	430,736	768,501
One year to less than three years	120,978	1,581
Three years to less than five years	-	100,431
	<b>24,856,534</b>	<b>19,751,576</b>

**A21. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group	
	30 September 2018 RM'000	31 December 2017 RM'000
Deposits from customers - structured investments	1,523,742	1,903,205
Debentures	1,737,908	650,016
Bills payables	2,562,844	2,220,219
	<b>5,824,494</b>	<b>4,773,440</b>

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group at 30 September 2018 of financial liabilities designated at fair value were RM163,181,000 (2017: RM282,365,000) lower than the contractual amount at maturity for the structured investments, RM55,414,000 (2017: RM18,142,000) lower than the contractual amount at maturity for the debentures and RM303,742,000 (2017: RM345,801,000) higher than the contractual amount at maturity for the bills payable.

**A22. OTHER LIABILITIES**

	The Group		The Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Due to brokers and clients	1,286,254	1,218,166	-	-
Expenditure payable	2,227,981	2,272,653	2,635	1,356
Provision for legal claims	68,243	72,959	-	-
Sundry creditors	1,366,787	3,941,563	-	-
Structured deposits	7,218,489	6,281,745	-	-
Post employment benefit obligations	461,404	469,270	-	-
Credit card expenditure payable	232,908	201,714	-	-
Collateral received for derivative transactions	1,709,038	1,626,637	-	-
Expected credit losses/Allowance for commitments and contingencies	(a) 499,471	49,095	-	-
Collateral for securities lending	94,893	72,023	-	-
Others	2,159,126	1,583,754	1	361
	<b>17,324,594</b>	<b>17,789,579</b>	<b>2,636</b>	<b>1,717</b>

**A22. OTHER LIABILITIES** (Continued)

(a) Movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Total RM'000
<b>At 1 January 2018</b>	-	-	-	49,095	49,095
Effect of adopting MFRS 9	320,175	77,738	112,512	(49,095)	461,330
<b>Adjusted 1 January 2018</b>	320,175	77,738	112,512	-	510,425
Changes in expected credit losses due to transferred within stages:	100,700	(82,320)	(18,380)	-	-
Transferred to Stage 1	109,698	(89,247)	(20,451)	-	-
Transferred to Stage 2	(8,985)	12,578	(3,593)	-	-
Transferred to Stage 3	(13)	(5,651)	5,664	-	-
<b>Total charge to Income Statement:</b>	(70,316)	44,403	16,728	-	(9,185)
New exposures	83,112	(2,327)	122	-	80,907
Exposures derecognised or matured	(53,536)	(38,335)	(7,434)	-	(99,305)
Change in credit risk	(99,892)	85,065	24,040	-	9,213
Exchange fluctuation	(1,250)	(2,022)	1,449	-	(1,823)
Other movements	91	(37)	-	-	54
<b>At 30 September 2018</b>	349,400	37,762	112,309	-	499,471

As at 30 September 2018, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired is RM176,776,000.

**A23. INTEREST INCOME**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Loans, advances and financing				
- Interest income	3,766,158	3,901,359	11,053,125	11,761,237
- Unwinding income <sup>^</sup>	25,964	35,854	109,841	110,665
Money at call and deposit placements with financial institutions	195,622	202,571	567,156	565,017
Reverse repurchase agreements	57,621	43,545	137,323	121,741
Financial assets at fair value through profit or loss	137,412	-	399,576	-
Debt instruments at fair value through other comprehensive income	305,680	-	911,572	-
Debt instruments at amortised cost	314,840	-	931,400	-
Equity instruments at fair value through other comprehensive income	5,173	-	17,183	-
Financial assets held for trading	-	135,082	-	360,274
Financial investments available-for-sale	-	277,457	-	854,330
Financial investments held-to-maturity	-	308,492	-	882,842
Others	11,909	12,910	18,417	43,115
	<b>4,820,379</b>	<b>4,917,270</b>	<b>14,145,593</b>	<b>14,699,221</b>
Accretion of discounts, net of amortisation of premiums	37,690	2,886	76,058	(5,777)
	<b>4,858,069</b>	<b>4,920,156</b>	<b>14,221,651</b>	<b>14,693,444</b>

**The Company**

Money at call and deposit placements with financial institutions	4,169	2,065	18,618	8,569
Debt instruments at fair value through other comprehensive income	20,165	-	59,836	-
Debt instruments at amortised cost	56,224	-	152,898	-
Financial investments available-for-sale	-	20,165	-	59,836
Financial investments held-to-maturity	-	26,077	-	77,379
	<b>80,558</b>	<b>48,307</b>	<b>231,352</b>	<b>145,784</b>

<sup>^</sup> Unwinding income is interest income earned on credit impaired/impaired financial assets

**A24. INTEREST EXPENSE**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	135,209	96,012	346,748	268,637
Deposits from other customers	1,640,968	1,647,947	4,808,701	4,940,867
Repurchase agreements	77,398	28,025	192,329	76,209
Bonds, sukuk and debentures	145,896	121,338	414,618	283,610
Subordinated obligations	183,445	221,622	532,320	677,591
Financial liabilities designated at fair value through profit or loss	31,381	32,756	93,361	94,557
Negotiable certificates of deposits	32,709	25,029	79,212	93,960
Other borrowings	88,789	55,494	249,974	133,903
Recourse obligation on loan and financing sold to Cagamas	36,434	28,718	99,010	86,525
Structured deposits	65,188	59,967	171,608	87,212
Others	7,185	228	33,204	17,652
	<b>2,444,602</b>	<b>2,317,136</b>	<b>7,021,085</b>	<b>6,760,723</b>
<b>The Company</b>				
Subordinated obligations	111,269	81,122	316,238	240,719
Other borrowings	32,995	36,920	99,818	108,002
	<b>144,264</b>	<b>118,042</b>	<b>416,056</b>	<b>348,721</b>

**A25. NET NON-INTEREST INCOME**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
(a) Net fee income and commission income:				
Commissions	276,994	353,492	925,253	904,292
Fee on loans, advances and financing	151,180	131,261	445,082	395,340
Portfolio management fees	-	-	-	15
Service charges and fees	172,545	175,252	517,954	519,892
Corporate advisory and arrangement fees	4,726	13,021	14,649	30,076
Guarantee fees	16,256	16,559	45,287	48,726
Other fee income	65,554	60,729	185,340	184,088
Placement fees	1,802	2,431	2,029	15,077
Underwriting commission	16,705	7,783	49,640	13,849
Fee and commission income	705,762	760,528	2,185,234	2,111,355
Fee and commission expense	(188,399)	(184,554)	(552,303)	(514,652)
Net fee and commission income	517,363	575,974	1,632,931	1,596,703
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets at fair value through profit or loss	20,105	-	35,510	-
- Equity instruments at fair value through other comprehensive income	32	-	3,149	-
- Financial assets held for trading	-	24,825	-	39,583
- Financial investments available-for-sale	-	3,208	-	12,852
<i>Outside Malaysia</i>				
- Financial assets at fair value through profit or loss	-	-	231	-
- Debt instruments at fair value through other comprehensive income	-	-	16	-
- Equity instruments at fair value through other comprehensive income	235	-	1,060	-
- Financial assets held for trading	-	2,833	-	7,826
- Financial investments available-for-sale	-	333	-	1,512
	20,372	31,199	39,966	61,773
(c) Net gain/(loss) arising from financial assets at fair value through profit or loss	130,785	-	(413,108)	-
- realised	(220,316)	-	(510,491)	-
- unrealised	351,101	-	97,383	-
(d) Net gain arising from financial assets held for trading	-	18,632	-	612,752
- realised	-	61,187	-	302,724
- unrealised	-	(42,555)	-	310,028
(e) Net gain/(loss) arising from derivative financial instruments	462,981	222,488	1,472,273	(339,565)
- realised	624,274	428,887	938,905	275,969
- unrealised	(161,293)	(206,399)	533,368	(615,534)
(f) Net (loss)/gain arising from financial liability designated at fair value through profit or loss	(13,586)	(83,170)	34,403	(242,541)
- realised	36,193	(8,142)	84,345	(22,910)
- unrealised	(49,779)	(75,028)	(49,942)	(219,631)
(g) Net (loss)/gain arising from hedging activities	(13,777)	4,250	(34,398)	(10,259)
(h) Net gain from sale of investment in debt instruments at fair value through other comprehensive income	9,533	-	35,005	-
(i) Net gain from sale of financial investments available-for-sale	-	48,620	-	114,083
(j) Net gain from redemption of financial investment held-to-maturity	-	-	-	1,878
(k) Income from assets management and securities services	7,554	102,308	192,480	283,872
(l) Brokerage income	31,203	105,312	101,219	300,932
(m) Other non-interest income:				
Foreign exchange (loss)/gain	(105,607)	231,622	(31,836)	1,137,819
Rental income	10,537	11,603	21,131	24,097
Gain on disposal of property, plant and equipment/ assets held for sale	2,562	6,042	16,905	20,294
Loss on disposal of foreclosed properties	(16,615)	(16,339)	(55,451)	(30,734)
Other non-operating income	16,054	34,046	73,835	126,691
	(93,069)	266,974	24,584	1,278,167
	1,059,359	1,292,587	3,085,355	3,657,795

**A25. NET NON-INTEREST INCOME (CONTINUED)**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
(a) Gross dividend income from :				
<u>In Malaysia</u>				
- Subsidiaries	1,140,574	1,319,853	3,158,627	1,868,853
(b) Other non-interest income:				
Foreign exchange gain/(loss)	1,249	12	(1,070)	6,624
Rental income	71	71	213	213
	1,320	83	(857)	6,837
	1,141,894	1,319,936	3,157,770	1,875,690

**A26. OVERHEADS**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, allowances and bonus	994,282	1,054,058	2,924,686	3,118,169
- Pension cost	98,418	101,897	303,359	309,285
- Overtime	6,437	7,578	20,070	24,042
- Staff incentives and other staff payments	56,461	64,679	174,945	187,767
- Medical expenses	29,196	26,023	81,980	80,586
- Others	65,076	59,724	167,152	198,137
	1,249,870	1,313,959	3,672,192	3,917,986
Establishment costs				
- Depreciation of property, plant and equipment	73,080	89,034	219,840	265,429
- Amortisation of intangible assets	85,760	88,762	274,306	263,953
- Amortisation of prepaid lease payments	2,562	2,741	7,658	8,401
- Rental	123,466	128,681	368,397	400,741
- Repair and maintenance	124,184	129,234	367,266	410,742
- Outsourced services	12,309	22,416	43,245	65,949
- Security expenses	26,332	30,217	80,433	90,179
- Others	31,039	54,701	92,019	145,530
	478,732	545,786	1,453,164	1,650,924
Marketing expenses				
- Sales commission	1,777	1,105	3,795	3,926
- Advertisement	62,090	46,897	155,298	156,309
- Others	3,926	15,775	42,254	52,032
	67,793	63,777	201,347	212,267
Administration and general expenses				
- Legal and professional fees	37,550	49,892	97,013	137,299
- Stationery	14,592	14,125	36,723	43,600
- Communication	23,686	27,016	69,173	88,143
- Incidental expenses on banking operations	11,295	9,267	36,152	27,368
- Insurance	74,306	71,729	219,157	219,092
- Others	200,522	171,532	601,862	529,076
	361,951	343,561	1,060,080	1,044,578
	2,158,346	2,267,083	6,386,783	6,825,755

**A26. OVERHEADS (CONTINUED)**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Personnel costs				
- Staff incentives and other staff payments	30	39	89	99
Establishment costs				
- Depreciation of property, plant and equipment	15	54	80	163
- Depreciation of investment properties	5	5	14	14
- Rental	-	-	2	-
- Repair and maintenance	328	3	337	13
- Others	34	19	90	75
	382	81	523	265
Administration and general expenses				
- Legal and professional fees	4,512	1,111	13,820	4,010
- Communication	-	25	38	25
- Insurance	577	-	2,661	-
- Others	7,705	1,642	11,923	6,491
	12,794	2,778	28,442	10,526
	13,206	2,898	29,054	10,890

**A27(a). EXPECTED CREDIT LOSSES/ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses/Allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	544,256	-	1,589,697	-
- Individual impairment allowance	-	423,752	-	971,707
- Portfolio impairment allowance	-	309,545	-	1,043,699
Credit impaired/impaired loans, advances and financing:				
- recovered	(152,382)	(141,489)	(459,366)	(377,237)
- written off	6,999	4,337	14,268	14,683
	398,873	596,145	1,144,599	1,652,852

**A27(b). OTHER EXPECTED CREDIT LOSSES / ALLOWANCES FOR OTHER IMPAIRMENT LOSSES**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(4,299)	-	1,355	-
- Debt instrument at amortised cost	96,208	-	95,513	-
- Money at call and deposits and placements with banks and other financial institutions	2,818	-	3,470	-
- Other receivables	(2,223)	-	23,268	-
Allowance made/(written back) on:				
- Financial investments available-for-sale	-	10,029	-	33,850
- Financial investments held-to-maturity	-	(7)	-	(18)
- Other receivables	-	24,147	-	49,488
	92,504	34,169	123,606	83,320
<b>The Company</b>				
Expected credit losses on:				
- Debt instrument at fair value through other comprehensive income	586	-	1,410	-
- Debt instrument at amortised cost	11,708	-	19,545	-
Allowance made on:				
- Investment in a subsidiary	-	-	-	22,265
	12,294	-	20,955	22,265



## A28. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

At 30 September 2018	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>33,009,188</b>	<b>446,042</b>	<b>(549,087)</b>
- Less than 1 year	26,866,925	341,350	(265,195)
- 1 year to 3 years	5,122,576	95,099	(189,947)
- More than 3 years	1,019,687	9,593	(93,945)
Currency swaps	<b>271,453,369</b>	<b>2,081,133</b>	<b>(2,119,718)</b>
- Less than 1 year	268,306,596	2,001,337	(2,089,494)
- 1 year to 3 years	2,969,153	71,392	(26,002)
- More than 3 years	177,620	8,404	(4,222)
Currency spot	<b>5,292,897</b>	<b>4,869</b>	<b>(4,164)</b>
- Less than 1 year	5,292,897	4,869	(4,164)
Currency options	<b>15,792,403</b>	<b>469,138</b>	<b>(488,940)</b>
- Less than 1 year	12,669,595	197,910	(197,079)
- 1 year to 3 years	2,484,274	202,041	(204,390)
- More than 3 years	638,534	69,187	(87,471)
Cross currency interest rate swaps	<b>82,571,486</b>	<b>2,549,963</b>	<b>(2,298,172)</b>
- Less than 1 year	24,016,199	367,706	(378,728)
- 1 year to 3 years	25,250,687	1,042,519	(959,518)
- More than 3 years	33,304,600	1,139,738	(959,926)
	<b>408,119,343</b>	<b>5,551,145</b>	<b>(5,460,081)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>493,513,252</b>	<b>2,388,480</b>	<b>(1,706,972)</b>
- Less than 1 year	176,927,896	224,991	(162,152)
- 1 year to 3 years	174,229,406	743,757	(582,685)
- More than 3 years	142,355,950	1,419,732	(962,135)
Interest rate futures	<b>4,023,577</b>	<b>10,538</b>	<b>(6,738)</b>
- Less than 1 year	3,415,167	10,538	(6,014)
- 1 year to 3 years	608,410	-	(724)
Interest rate options	<b>512,532</b>	<b>7</b>	<b>(6,132)</b>
- Less than 1 year	383,906	-	(4,228)
- 1 year to 3 years	1,053	7	-
- More than 3 years	127,573	-	(1,904)
	<b>498,049,361</b>	<b>2,399,025</b>	<b>(1,719,842)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>34,169</b>	<b>213</b>	<b>(360)</b>
- Less than 1 year	34,169	213	(360)
Equity options	<b>9,922,655</b>	<b>111,991</b>	<b>(101,728)</b>
- Less than 1 year	6,404,571	102,231	(95,953)
- 1 year to 3 years	3,428,644	9,382	(5,397)
- More than 3 years	89,440	378	(378)
Equity swaps	<b>898,760</b>	<b>790</b>	<b>(10,830)</b>
- Less than 1 year	7,349	103	(10,420)
- 1 year to 3 years	3,535	-	-
- More than 3 years	887,876	687	(410)
	<b>10,855,584</b>	<b>112,994</b>	<b>(112,918)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 30 September 2018	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Commodity related derivatives</u>			
Commodity swaps	<b>2,172,314</b>	<b>218,219</b>	<b>(500,806)</b>
- Less than 1 year	1,572,235	180,253	(265,267)
- 1 year to 3 years	600,079	37,966	(235,539)
Commodity futures	<b>1,476,412</b>	<b>175,362</b>	<b>(14,223)</b>
- Less than 1 year	1,476,412	175,362	(14,223)
Commodity options	<b>2,950,392</b>	<b>136,916</b>	<b>(146,409)</b>
- Less than 1 year	2,493,068	126,507	(136,000)
- 1 year to 3 years	457,324	10,409	(10,409)
	<b>6,599,118</b>	<b>530,497</b>	<b>(661,438)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>3,478,146</b>	<b>30,657</b>	<b>(8,035)</b>
- 1 year to 3 years	347,360	2,376	(607)
- More than 3 years	3,130,786	28,281	(7,428)
Total return swaps	<b>299,000</b>	<b>1,281</b>	<b>(2,088)</b>
- More than 3 years	299,000	1,281	(2,088)
	<b>3,777,146</b>	<b>31,938</b>	<b>(10,123)</b>
<b>Bond contract</b>			
Bond Forward	<b>2,265,652</b>	<b>30,620</b>	<b>(7,009)</b>
- Less than 1 year	332,461	4,243	(155)
- 1 year to 3 years	1,026,793	10,485	(2,931)
- More than 3 years	906,398	15,892	(3,923)
	<b>2,265,652</b>	<b>30,620</b>	<b>(7,009)</b>
<b>Hedging derivatives</b>			
Interest rate swaps	<b>26,468,649</b>	<b>155,545</b>	<b>(455,333)</b>
- Less than 1 year	2,505,171	576	(39,860)
- 1 year to 3 years	8,188,116	45,260	(75,766)
- More than 3 years	15,775,362	109,709	(339,707)
Currency swaps	<b>8,253,514</b>	<b>27,067</b>	<b>(289,504)</b>
- Less than 1 year	5,843,607	8,204	(178,819)
- 1 year to 3 years	1,150,708	-	(64,081)
- More than 3 years	1,259,199	18,863	(46,604)
Cross currency interest rate swaps	<b>1,409,436</b>	<b>-</b>	<b>(102,172)</b>
- Less than 1 year	613,705	-	(83,078)
- 1 year to 3 years	795,731	-	(19,094)
	<b>36,131,599</b>	<b>182,612</b>	<b>(847,009)</b>
Total derivative assets/(liabilities)	<b>965,797,803</b>	<b>8,838,831</b>	<b>(8,818,420)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2017	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>30,650,864</b>	<b>447,022</b>	<b>(847,056)</b>
- Less than 1 year	25,589,202	374,435	(577,935)
- 1 year to 3 years	4,258,040	70,555	(134,093)
- More than 3 years	803,622	2,032	(135,028)
Currency swaps	<b>191,607,681</b>	<b>1,573,517</b>	<b>(1,912,692)</b>
- Less than 1 year	190,540,762	1,521,788	(1,900,228)
- 1 year to 3 years	669,086	27,302	(8,730)
- More than 3 years	397,833	24,427	(3,734)
Currency spot	<b>3,721,198</b>	<b>4,093</b>	<b>(4,116)</b>
- Less than 1 year	3,721,198	4,093	(4,116)
Currency options	<b>20,909,231</b>	<b>288,249</b>	<b>(317,387)</b>
- Less than 1 year	18,055,237	142,115	(156,045)
- 1 year to 3 years	1,368,848	40,130	(42,368)
- More than 3 years	1,485,146	106,004	(118,974)
Cross currency interest rate swaps	<b>62,981,380</b>	<b>2,624,011</b>	<b>(2,639,922)</b>
- Less than 1 year	14,969,608	310,704	(615,139)
- 1 year to 3 years	20,683,076	1,049,313	(887,072)
- More than 3 years	27,328,696	1,263,994	(1,137,711)
	<b>309,870,354</b>	<b>4,936,892</b>	<b>(5,721,173)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>388,905,122</b>	<b>2,522,630</b>	<b>(1,716,361)</b>
- Less than 1 year	124,703,031	305,799	(281,144)
- 1 year to 3 years	129,982,397	755,858	(510,184)
- More than 3 years	134,219,694	1,460,973	(925,033)
Interest rate futures	<b>11,984,251</b>	<b>8,834</b>	<b>(7,682)</b>
- Less than 1 year	9,311,645	8,289	(6,953)
- 1 year to 3 years	2,165,607	545	(616)
- More than 3 years	506,999	-	(113)
Interest rate options	<b>559,753</b>	<b>3,162</b>	<b>(2,896)</b>
- Less than 1 year	373,126	2,896	(2,896)
- More than 3 years	186,627	266	-
	<b>401,449,126</b>	<b>2,534,626</b>	<b>(1,726,939)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>343,155</b>	<b>782</b>	<b>(3,362)</b>
- Less than 1 year	343,155	782	(3,362)
Equity options	<b>10,164,147</b>	<b>57,553</b>	<b>(117,163)</b>
- Less than 1 year	4,177,734	6,472	(68,004)
- 1 year to 3 years	5,840,125	47,509	(46,139)
- More than 3 years	146,288	3,572	(3,020)
Equity swaps	<b>921,931</b>	<b>39,245</b>	<b>(1,618)</b>
- Less than 1 year	5,312	-	(662)
- 1 year to 3 years	89,002	38,106	-
- More than 3 years	827,617	1,139	(956)
	<b>11,429,233</b>	<b>97,580</b>	<b>(122,143)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2017	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Commodity related derivatives</u>			
Commodity swaps	<b>2,542,518</b>	<b>297,788</b>	<b>(350,028)</b>
- Less than 1 year	2,247,712	282,310	(232,654)
- 1 year to 3 years	294,806	15,478	(117,374)
Commodity futures	<b>1,147,390</b>	<b>111,671</b>	<b>(53,468)</b>
- Less than 1 year	1,147,390	111,671	(53,468)
Commodity options	<b>3,784,702</b>	<b>214,223</b>	<b>(217,139)</b>
- Less than 1 year	3,671,685	214,223	(217,139)
- 1 year to 3 years	113,017	-	-
	<b>7,474,610</b>	<b>623,682</b>	<b>(620,635)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>2,826,699</b>	<b>4,249</b>	<b>(947)</b>
- Less than 1 year	271,116	339	(94)
- 1 year to 3 years	279,788	1,384	(220)
- More than 3 years	2,275,795	2,526	(633)
Total return swaps	<b>362,918</b>	<b>5,130</b>	<b>(5,820)</b>
- Less than 1 year	60,818	554	-
- More than 3 years	302,100	4,576	(5,820)
Credit Spread Option	<b>16,218</b>	-	<b>(310)</b>
- Less than 1 year	16,218	-	(310)
	<b>3,205,835</b>	<b>9,379</b>	<b>(7,077)</b>
<b>Bond contract</b>			
Bond forward	<b>1,170,651</b>	<b>5,674</b>	<b>(15,830)</b>
- Less than 1 year	198,940	455	(2,681)
- 1 year to 3 years	335,711	495	(6,124)
- More than 3 years	636,000	4,724	(7,025)
<b>Hedging derivatives</b>			
Interest rate swaps	<b>25,444,828</b>	<b>87,581</b>	<b>(280,685)</b>
- Less than 1 year	1,755,945	1,567	(10,871)
- 1 year to 3 years	6,335,536	17,253	(95,027)
- More than 3 years	17,353,347	68,761	(174,787)
Currency swaps	<b>4,149,117</b>	<b>147,419</b>	<b>(18,633)</b>
- Less than 1 year	4,149,117	147,419	(18,633)
Cross currency interest rate swaps	<b>4,158,467</b>	<b>5,124</b>	<b>(238,268)</b>
- Less than 1 year	225,545	-	(5,800)
- 1 year to 3 years	1,865,418	5,124	(159,755)
- More than 3 years	2,067,504	-	(72,713)
	<b>33,752,412</b>	<b>240,124</b>	<b>(537,586)</b>
Total derivative assets/(liabilities)	<b>768,352,221</b>	<b>8,447,957</b>	<b>(8,751,383)</b>

## **A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

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

### **Market Risk**

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

### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM8,838,831,000 (2017: RM8,447,957,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

### **Liquidity Risk**

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

### **Cash requirements of the derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2018, the Group has posted cash collateral of RM2,415,894,000 (31 December 2017: RM2,232,436,000) on their derivative contracts.

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

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

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

## A29. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	7,362,407	7,515,388
Certain transaction-related contingent items	7,831,948	7,579,091
Short-term self-liquidating trade-related contingencies	3,721,319	3,767,991
Irrevocable commitments to extend credit		
- maturity not exceeding one year	60,319,560	57,735,266
- maturity exceeding one year	32,460,188	29,785,979
Miscellaneous commitments and contingencies	1,858,310	1,143,380
Total credit-related commitments and contingencies	<b>113,553,732</b>	<b>107,527,095</b>
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	343,609,524	257,250,669
- one year to five years	55,487,531	46,084,413
- more than five years	18,685,238	14,842,856
	<b>417,782,293</b>	<b>318,177,938</b>
<u>Interest rate related contracts</u>		
- less than one year	183,232,140	136,143,747
- one year to five years	276,164,078	232,259,484
- more than five years	65,121,792	58,490,723
	<b>524,518,010</b>	<b>426,893,954</b>
<u>Equity related contracts</u>		
- less than one year	6,446,089	4,526,201
- one year to five years	3,521,619	6,026,265
- more than five years	887,876	876,767
	<b>10,855,584</b>	<b>11,429,233</b>
<u>Credit related contracts</u>		
- less than one year	-	348,152
- one year to five years	1,918,541	1,616,354
- more than five years	1,858,605	1,241,329
	<b>3,777,146</b>	<b>3,205,835</b>
<u>Commodity related contracts</u>		
- less than one year	5,541,715	7,066,787
- one year to five years	1,057,403	407,823
	<b>6,599,118</b>	<b>7,474,610</b>
<u>Bond contracts</u>		
- less than one year	332,461	198,940
- one year to five years	1,813,191	851,711
- more than five years	120,000	120,000
	<b>2,265,652</b>	<b>1,170,651</b>
Total treasury-related commitments and contingencies	<b>965,797,803</b>	<b>768,352,221</b>
	<b>1,079,351,535</b>	<b>875,879,316</b>

- (b) The Company has on 24 February 2017 filed a notice of appeal (Form Q) according to Section 99 (1) of the Income Tax Act, 1967 against the Notices of Assessment (Notices) for the years of assessment 2009 to 2012 dated 8 February 2017 from Inland Revenue Board ("IRB"), and obtained a stand over of taxes from IRB on 13 April 2017. No provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice.

### **A30. CAPITAL ADEQUACY**

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia (“BNM”) Capital Adequacy Framework (Capital Components), of which the latest revision was issued on 2 February 2018. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The risk-weighted assets of the Bank 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. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

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

The capital adequacy ratios of Bank CIMB Niaga is based on Bank Indonesia's requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

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

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

**A30. CAPITAL ADEQUACY** (Continued)

**30 September 2018**

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
Common equity tier 1 ratio	11.261% ^	13.642%	11.923%	12.000% ^	32.547%	17.808%	N/A	N/A
Tier 1 ratio	12.599% ^	14.210%	11.923%	13.049% ^	32.547%	17.808%	N/A	N/A
Total capital ratio	<u>17.348% ^</u>	<u>16.790%</u>	<u>17.234%</u>	<u>17.193% ^</u>	<u>32.820%</u>	<u>18.975%</u>	<u>16.202%</u>	<u>167.434%</u>

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

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	146,119,251	28,105,260	24,463,189	206,771,220	1,075,945	48,323,571	2,402,743	330,374
Market risk	10,282,507	559,809	5,023,790	15,438,921	68,415	453,320	-	-
Operational risk	14,623,413	2,642,808	2,208,543	20,531,140	606,085	7,335,982	-	-
Large exposure risk	881,914	-	-	881,914	-	-	-	-
	<u>171,907,085</u>	<u>31,307,877</u>	<u>31,695,522</u>	<u>243,623,195</u>	<u>1,750,445</u>	<u>56,112,873</u>	<u>2,402,743</u>	<u>330,374</u>

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

	<b>CIMB Bank**</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier I capital</b>								
Ordinary share capital	18,888,794	1,000,000	1,935,960	18,888,794	100,000	375,046	310,388	568,275
Other reserves	11,745,498	3,860,321	2,028,273	18,371,768	509,179	9,847,854	32,727	252
Qualifying non-controlling interests	-	-	-	177,015	-	-	-	-
Common Equity Tier I capital before regulatory adjustments	<u>30,634,292</u>	<u>4,860,321</u>	<u>3,964,233</u>	<u>37,437,577</u>	<u>609,179</u>	<u>10,222,900</u>	<u>343,115</u>	<u>568,527</u>
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,219,060)	(964)	-	-	-
Intangible assets	(805,754)	(73,092)	(49,221)	(925,547)	-	-	(1,117)	-
Deferred tax assets	(320,016)	(12,504)	(120,905)	(488,574)	(22,075)	-	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,358,424)	-	-	-	(8,815)	(230,052)	-	-
Regulatory reserve	(1,233,074)	(367,794)	-	(1,567,214)	(7,599)	-	-	-
Others	(2,949)	-	(14,961)	(2,949)	-	-	(4,242)	(15,609)
Common Equity Tier I capital after regulatory adjustments	<u>19,359,000</u>	<u>4,270,931</u>	<u>3,779,146</u>	<u>29,234,233</u>	<u>569,726</u>	<u>9,992,848</u>	<u>337,756</u>	<u>552,918</u>



**A30. CAPITAL ADEQUACY (Continued)**

**30 September 2018**

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Additional Tier I capital</b>								
Perpetual preference shares	200,000	178,000	-	200,000	-	-	-	-
Innovative Tier I Capital	924,720	-	-	924,720	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	36,655	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,524,720	178,000	-	2,561,375	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(224,418)	-	-	(4,418)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,300,302	178,000	-	2,556,957	-	-	-	-
<b>Total Tier I Capital</b>	<b>21,659,302</b>	<b>4,448,931</b>	<b>3,779,146</b>	<b>31,791,190</b>	<b>569,726</b>	<b>9,992,848</b>	<b>337,756</b>	<b>552,918</b>
<b>Tier II capital</b>								
Subordinated notes	8,200,000	610,000	1,565,665	8,200,000	-	143,723	28,970	-
Redeemable preference shares	29,740	-	-	29,740	4	-	-	-
Surplus of eligible provision over expected loss	728,931	141,970	-	708,110	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	441,638	-	-	-	-
General provisions <sup>√</sup>	307,884	55,546	117,462	714,534	7,699	510,739	22,568	241
Tier II capital before regulatory adjustments	9,266,555	807,516	1,683,127	10,094,022	7,703	654,462	51,538	241
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,103,653)	-	-	-	(2,940)	-	-	-
<b>Total Tier II capital</b>	<b>8,162,902</b>	<b>807,516</b>	<b>1,683,127</b>	<b>10,094,022</b>	<b>4,763</b>	<b>654,462</b>	<b>51,538</b>	<b>241</b>
<b>Total Capital</b>	<b>29,822,204</b>	<b>5,256,447</b>	<b>5,462,273</b>	<b>41,885,212</b>	<b>574,489</b>	<b>10,647,310</b>	<b>389,294</b>	<b>553,159</b>

<sup>√</sup> Total Capital of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 September 2018 have excluded general provisions restricted from Tier II capital of RM201 million, RM186 million and RM15 million respectively.

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

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

**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2017**

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
<b><u>Before deducting proposed dividend</u></b>								
Common equity tier 1 ratio	12.866% ^	13.286%	12.471%	12.942% ^	35.950%	17.010%	N/A	N/A
Tier 1 ratio	14.333% ^	13.892%	12.471%	14.095% ^	35.950%	17.010%	N/A	N/A
Total capital ratio	17.784% ^	16.291%	16.631%	17.700% ^	35.950%	18.225%	16.622%	332.242%
<b><u>After deducting proposed dividend</u></b>								
Common equity tier 1 ratio	11.879% ^	13.286%	12.471%	12.227% ^	30.867%	17.010%	N/A	N/A
Tier 1 ratio	13.347% ^	13.892%	12.471%	13.381% ^	30.867%	17.010%	N/A	N/A
Total capital ratio	16.797% ^	16.291%	16.631%	16.986% ^	30.867%	18.225%	16.622%	332.242%

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

	<b>CIMB Bank ** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
Credit risk	138,811,146	27,492,260	23,081,198	193,146,506	1,110,035	52,021,720	1,912,198	172,160
Market risk	11,050,726	629,312	4,560,714	14,125,733	56,342	807,243	-	-
Operational risk	14,330,500	2,371,944	2,146,905	19,782,736	643,358	7,428,716	-	-
Large exposure risk	768,600	-	-	768,600	-	-	-	-
	164,960,972	30,493,516	29,788,817	227,823,575	1,809,735	60,257,679	1,912,198	172,160

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

	<b>CIMB Bank ** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
<b>Common Equity Tier I capital</b>								
Ordinary share capital	17,610,939 *	1,000,000	1,882,481	17,610,939 *	100,000	409,368	253,406	571,904
Other reserves	13,904,088 *	3,575,715	2,010,652	20,007,741 *	583,317	10,118,418	25,858	42
Qualifying non-controlling interests	-	-	-	152,698	-	-	-	-
Less: Proposed dividends	(1,627,553)	-	-	(1,627,553)	(92,000)	-	-	-
Common Equity Tier I capital before regulatory adjustments	29,887,474	4,575,715	3,893,133	36,143,825	591,317	10,527,786	279,264	571,946
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,177,536)	(964)	-	-	-
Intangible assets	(832,713)	(78,777)	(36,301)	(951,237)	-	-	(1,705)	-
Deferred tax assets	(157,309)	(18,110)	(127,240)	(382,224)	(21,344)	(45,207)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,260,702)	-	-	-	(6,859)	(232,828)	-	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(1,417)	-	-	-
Shortfall of eligible provisions to expected losses	-	-	-	-	-	-	-	-
Regulatory reserve	(1,208,956)	(291,600)	-	(1,500,556)	(1,952)	-	-	-
Others	(276,973)	-	(14,548)	(275,149)	(174)	-	(4,414)	-
Common Equity Tier I capital after regulatory adjustments	19,595,746	4,051,228	3,715,044	27,857,123	558,607	10,249,751	273,145	571,946

**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2017**

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Additional Tier I capital</b>								
Perpetual preference shares	200,000	185,000	-	200,000	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	30,301	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	185,000	-	2,630,301	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(178,641)	-	-	(2,641)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,421,359	185,000	-	2,627,660	-	-	-	-
<b>Total Tier I Capital</b>	<b>22,017,105</b>	<b>4,236,228</b>	<b>3,715,044</b>	<b>30,484,783</b>	<b>558,607</b>	<b>10,249,751</b>	<b>273,145</b>	<b>571,946</b>
<b>Tier II capital</b>								
Subordinated notes	7,050,000	610,000	1,129,779	7,050,000	-	190,362	28,382	-
Redeemable preference shares	29,740	-	-	29,740	5	-	-	-
Surplus of eligible provision over expected loss	267,987	40,691	-	118,446	-	-	-	39
Qualifying capital instruments held by third parties	-	-	-	363,627	-	-	-	-
Portfolio impairment allowance & Regulatory reserve	254,766	80,754	109,306	651,277	2,037	541,685	16,321	4
Tier II capital before regulatory adjustments	7,602,493	731,445	1,239,085	8,213,090	2,042	732,047	44,703	43
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,911,008)	-	-	(660)	(3,459)	-	-	-
<b>Total Tier II capital</b>	<b>5,691,485</b>	<b>731,445</b>	<b>1,239,085</b>	<b>8,212,430</b>	<b>-</b>	<b>732,047</b>	<b>44,703</b>	<b>43</b>
<b>Total Capital</b>	<b>27,708,590</b>	<b>4,967,673</b>	<b>4,954,129</b>	<b>38,697,213</b>	<b>558,607</b>	<b>10,981,798</b>	<b>317,848</b>	<b>571,989</b>

√ Total Capital of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2017 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM1165 million, RM151 million and RM14 million respectively.

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

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

^ CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of CIMB Bank, successfully completed its ninth Dividend Reinvestment Scheme ("DRS") of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

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

CIMB Group implemented a DRS for the second interim dividend in respect of the financial year ended 2017. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank, which would increase its capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

**A31. LEVERAGE RATIO**

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

**30 September 2018**

	<b>CIMB Bank Group</b>	<b>CIMB Bank**</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Investment Bank Group</b>
<b>Leverage ratio</b>	<b>6.75%</b>	<b>6.30%</b>	<b>5.09%</b>	<b>18.02%</b>

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

## A32. SEGMENTAL REPORT

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

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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

### Business segment reporting

#### Definition of segments:

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

#### ***Consumer Banking***

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

#### **Commercial Banking**

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

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

#### ***Wholesale Banking***

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

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

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

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

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

**A32. SEGMENTAL REPORT** (Continued)

***Wholesale Banking (Continued)***

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

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

***Group Asset Management and Investments***

Group Asset Management and Investments consists of the Group's public and private asset management portfolios.

Public Markets consists of CIMB Principal Assets Management Group. Private Marktes consists of other private equity investments and strategic investments.

***Group Funding and Others***

Group Funding and Others consists of the Group's assets and liabilities management, capital's investment in fixed income investments and investment in the Group's proprietary capital and funding.

A32. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
<b>30 September 2018</b>						
Net interest income						
- external income	4,051,348	1,077,623	1,532,846	18,443	520,306	7,200,566
- inter-segment (expense)/income	(239,586)	19,731	393,146	(166)	(173,125)	-
	3,811,762	1,097,354	1,925,992	18,277	347,181	7,200,566
Income/(expense) from Islamic Banking operations	828,134	202,474	549,389	(3,027)	352,849	1,929,819
Net non-interest income	1,406,811	252,082	1,154,570	282,708	(10,816)	3,085,355
Gain on disposal of subsidiaries, joint venture and associate	-	-	-	725	1,090,960	1,091,685
Net income	6,046,707	1,551,910	3,629,951	298,683	1,780,174	13,307,425
Overheads	(3,338,156)	(830,412)	(1,703,238)	(195,501)	(319,476)	(6,386,783)
of which:						
- Depreciation of property, plant and equipment	(97,541)	(3,451)	(14,149)	(3,993)	(100,706)	(219,840)
- Amortisation of prepaid lease payments	-	(34)	-	-	(7,624)	(7,658)
- Amortisation of intangible assets	(49,870)	(1,957)	(22,724)	(11,598)	(188,157)	(274,306)
Profit before expected credit losses	2,708,551	721,498	1,926,713	103,182	1,460,698	6,920,642
Expected credit losses (made)/written back on loans, advances and financing	(346,022)	(244,405)	(566,467)	-	12,295	(1,144,599)
Expected credit losses (made)/written back on commitments and contingencies	(8,965)	(1,722)	19,894	-	(22)	9,185
Other expected credit losses/allowance written back/(made) for other impairment losses	2,981	(4,252)	(106,509)	10,997	(26,823)	(123,606)
Segment results	2,356,545	471,119	1,273,631	114,179	1,446,148	5,661,622
Share of results of joint ventures	1,971	-	(5,471)	26,764	-	23,264
Share of results of associates	-	-	-	3,568	-	3,568
Profit before taxation and zakat	2,358,516	471,119	1,268,160	144,511	1,446,148	5,688,454
% of profit before taxation and zakat	41.5	8.3	22.3	2.5	25.4	100.0
Taxation and zakat						(1,142,874)
<b>Profit for the financial period</b>						<b>4,545,580</b>

A32. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
<b>30 September 2017</b>						
Net interest income						
- external income	4,167,343	1,151,426	2,105,928	22,613	485,411	7,932,721
- inter-segment (expense)/income	(322,949)	35,860	280,279	(150)	6,960	-
	3,844,394	1,187,286	2,386,207	22,463	492,371	7,932,721
Income/(expense) from Islamic Banking operations	686,168	150,453	470,391	(18)	210,837	1,517,831
Net non-interest income	1,405,723	301,323	1,501,059	332,452	117,238	3,657,795
Gain on deemed disposal/disposal of joint venture and associate	-	-	-	2,654	-	2,654
Net income	5,936,285	1,639,062	4,357,657	357,551	820,446	13,111,001
Overheads	(3,272,034)	(872,869)	(2,078,071)	(224,755)	(378,026)	(6,825,755)
of which:						
- Depreciation of property, plant and equipment	(109,404)	(4,871)	(37,829)	(5,994)	(107,331)	(265,429)
- Amortisation of prepaid lease payments	556	(40)	(139)	-	(8,778)	(8,401)
- Amortisation of intangible assets	(46,487)	(2,857)	(19,233)	(10,257)	(185,119)	(263,953)
Profit before allowances	2,664,251	766,193	2,279,586	132,796	442,420	6,285,246
Allowances made for impairment losses on loans, advances and financing	(748,106)	(503,543)	(397,741)	-	(3,462)	(1,652,852)
Allowance written back/(made) for commitments and contingencies	-	18,467	(2,222)	-	-	16,245
Allowance (made)/written back for other impairment losses	(4,296)	(2,745)	(35,532)	(43,347)	2,600	(83,320)
Segment results	1,911,849	278,372	1,844,091	89,449	441,558	4,565,319
Share of results of joint ventures	3,298	-	-	7,117	-	10,415
Share of results of associates	-	-	-	(1,128)	-	(1,128)
Profit before taxation and zakat	1,915,147	278,372	1,844,091	95,438	441,558	4,574,606
% of profit before taxation and zakat	41.9	6.1	40.3	2.1	9.6	100.0
Taxation and zakat						(1,060,031)
<b>Profit for the financial period</b>						<b>3,514,575</b>





### A33. 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 Group Market Risk Committee;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

**A33. FAIR VALUE ESTIMATION (Continued)**

- (i). The following table represents the Group's and the Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2018 and 31 December 2017.

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>30 September 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Reverse repurchased agreements at fair value through profit or loss	496,666	-	496,666	-	496,666
Financial assets at fair value through profit or loss					
- Money market instruments	18,189,127	-	18,189,127	-	18,189,127
- Quoted securities	602,881	602,881	-	-	602,881
- Unquoted securities	6,977,069	-	5,751,909	1,225,160	6,977,069
Debt instruments at fair value through other comprehensive income					
- Money market instruments	4,936,057	-	4,936,057	-	4,936,057
- Unquoted securities	26,215,806	-	26,215,805	1	26,215,806
Equity instruments at fair value through other comprehensive income					
- Quoted securities	62,795	62,795	-	-	62,795
- Unquoted securities	1,045,474	-	330,219	715,255	1,045,474
Derivative financial instruments					
- Trading derivatives	8,656,219	186,819	8,363,080	106,320	8,656,219
- Hedging derivatives	182,612	-	182,612	-	182,612
Loans, advances and financing at fair value through profit or loss	836,865	-	836,865	-	836,865
<b>Total</b>	<b>68,201,571</b>	<b>852,495</b>	<b>65,302,340</b>	<b>2,046,736</b>	<b>68,201,571</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	7,971,411	57,225	7,850,638	63,548	7,971,411
- Hedging derivatives	847,009	-	847,009	-	847,009
Financial liabilities designated at fair value through profit or loss	5,824,494	-	5,824,494	-	5,824,494
<b>Total</b>	<b>14,642,914</b>	<b>57,225</b>	<b>14,522,141</b>	<b>63,548</b>	<b>14,642,914</b>
<b>31 December 2017</b>					
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Money market instruments	13,885,908	-	13,885,908	-	13,885,908
- Quoted securities	2,580,218	2,290,879	289,339	-	2,580,218
- Unquoted securities	5,191,086	-	5,026,843	164,243	5,191,086
Financial investments available-for-sale					
- Money market instruments	2,401,517	-	2,401,517	-	2,401,517
- Quoted securities	7,733,589	4,367,944	3,365,645	-	7,733,589
- Unquoted securities	22,268,880	-	20,914,524	1,354,356	22,268,880
Derivative financial instruments					
- Trading derivatives	8,207,833	122,342	8,029,095	56,396	8,207,833
- Hedging derivatives	240,124	-	240,124	-	240,124
<b>Total</b>	<b>62,509,155</b>	<b>6,781,165</b>	<b>54,152,995</b>	<b>1,574,995</b>	<b>62,509,155</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	8,213,797	157,099	8,032,594	24,104	8,213,797
- Hedging derivatives	537,586	-	537,586	-	537,586
Financial liabilities designated at fair value through profit or loss	4,773,440	-	4,378,382	395,058	4,773,440
<b>Total</b>	<b>13,524,823</b>	<b>157,099</b>	<b>12,948,562</b>	<b>419,162</b>	<b>13,524,823</b>

**A33. FAIR VALUE ESTIMATION (Continued)**

- (i). The following table represents the Group's and Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2018 and 31 December 2017.

<b>The Company</b> <b>30 September 2018</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Level 1</b> <b>RM'000</b>	<b>Fair Value</b>		<b>Total</b> <b>RM'000</b>
			<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	1,450,435	-	1,450,435	-	1,450,435
<b>Total</b>	<b>1,450,435</b>	<b>-</b>	<b>1,450,435</b>	<b>-</b>	<b>1,450,435</b>

<b>The Company</b> <b>31 December 2017</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Level 1</b> <b>RM'000</b>	<b>Fair Value</b>		<b>Total</b> <b>RM'000</b>
			<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,433,024	-	1,433,024	-	1,433,024
<b>Total</b>	<b>1,433,024</b>	<b>-</b>	<b>1,433,024</b>	<b>-</b>	<b>1,433,024</b>

**A33. FAIR VALUE ESTIMATION** (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period ended 30 September 2018 and 31 December 2017 for the Group.

	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	Financial assets held for trading	Financial investments available- for-sale	Derivative financial instruments Trading derivatives		Financial liabilities designated at fair value through profit or loss	Derivative financial instruments Trading derivatives	Total
	Unquoted securities	Unquoted securities		Unquoted securities	Unquoted securities					
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	-	164,243	1,354,356	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Effect of adopting MFRS 9	<b>1,211,452</b>	<b>1,502</b>	<b>305,645</b>	<b>(164,243)</b>	<b>(1,354,356)</b>	-	-	-	-	-
Adjusted 1 January	<b>1,211,452</b>	<b>1,502</b>	<b>305,645</b>	-	-	<b>56,396</b>	<b>1,574,995</b>	<b>(395,058)</b>	<b>(24,104)</b>	<b>(419,162)</b>
Total gains/(losses) recognised in Statement of Income	<b>39,959</b>	-	-	-	-	<b>73,542</b>	<b>113,501</b>	<b>(121,336)</b>	<b>(63,928)</b>	<b>(185,264)</b>
Total loss recognised in Other Comprehensive Income	-	-	<b>(6,920)</b>	-	-	-	<b>(6,920)</b>	-	-	-
Purchases	<b>922</b>	-	<b>399,889</b>	-	-	<b>26,044</b>	<b>426,855</b>	-	<b>(21,964)</b>	<b>(21,964)</b>
Sales and redemptions	<b>(35,379)</b>	<b>(1,498)</b>	<b>(226)</b>	-	-	-	<b>(37,103)</b>	-	-	-
Settlements	-	-	-	-	-	<b>(50,165)</b>	<b>(50,165)</b>	<b>516,394</b>	<b>46,950</b>	<b>563,344</b>
Exchange fluctuation	<b>8,206</b>	<b>(3)</b>	<b>16,867</b>	-	-	<b>503</b>	<b>25,573</b>	-	<b>(502)</b>	<b>(502)</b>
At 30 September	<b>1,225,160</b>	<b>1</b>	<b>715,255</b>	-	-	<b>106,320</b>	<b>2,046,736</b>	-	<b>(63,548)</b>	<b>(63,548)</b>
Total gains/(losses) recognised in Statement of Income for the financial period ended 30 September 2018 under:										
- net non-interest income	<b>39,959</b>	-	-	-	-	<b>73,542</b>	<b>113,501</b>	<b>(114,169)</b>	<b>(63,928)</b>	<b>(178,097)</b>
- interest expense	-	-	-	-	-	-	-	<b>(7,167)</b>	-	<b>(7,167)</b>
Total gains recognised in Other Comprehensive Income for the financial period ended 30 September 2018 under "revaluation reserves"	-	-	<b>(6,920)</b>	-	-	-	<b>(6,920)</b>	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 September 2018 under "net non-interest income"	<b>39,868</b>	-	-	-	-	<b>51,862</b>	<b>91,730</b>	-	<b>(11,644)</b>	<b>(11,644)</b>

**A33. FAIR VALUE ESTIMATION (Continued)**

(ii). The following represents the movement in Level 3 instruments for the financial period ended 30 September 2018 and 31 December 2017 for the Group. (Continued)

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value through profit or loss	Derivative financial instruments	Total
	Unquoted securities	Unquoted securities	Trading derivatives			Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2017</b>							
At 1 January	178,451	1,328,539	96,182	1,603,172	(386,462)	(140,510)	(526,972)
Total gains/(losses) recognised in Statement of Income	3,136	(6,572)	(38,693)	(42,129)	(32,607)	64,662	32,055
Total gains recognised in Other Comprehensive Income	-	76,463	-	76,463	-	-	-
Purchases	-	27,412	36,054	63,466	-	(44,016)	(44,016)
Sales and redemptions	-	(38,358)	-	(38,358)	-	-	-
Settlements	-	-	(36,621)	(36,621)	24,011	95,329	119,340
Exchange fluctuation	(17,344)	(33,128)	(526)	(50,998)	-	431	431
At 31 December	164,243	1,354,356	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Total gains/(losses) recognised in Statement of Income for the financial year ended 31 December 2017 under:							
- net non-interest income	3,136	(6,094)	(38,693)	(41,651)	(15,465)	64,662	49,197
- interest expense	-	-	-	-	(17,142)	-	(17,142)
- allowances for other impairment losses	-	(478)	-	(478)	-	-	-
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2017 under "revaluation reserves"	-	76,463	-	76,463	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2017 under "net non-interest income"	3,136	-	2,577	5,713	(15,465)	18,127	2,662

**A33. FAIR VALUE ESTIMATION (Continued)**

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2018 and 31 December 2017.

Investment properties (Recurring)

The investment properties of the Group are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Non-current assets held for sales (Non-recurring)

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 September 2018, the property plant and equipment held for sales of the Group that were stated at fair value less cost to sell was RM4,199,000 (2017: RM4,612,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

**A34. OPERATIONS OF ISLAMIC BANKING**

**A34a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018**

		The Group	
	Note	30 September 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>			
Cash and short-term funds		11,803,338	14,672,304
Deposits and placements with banks and other financial institutions		1,170,279	2,456,177
Financial assets at fair value through profit or loss		2,688,362	-
Debt instruments at fair value through other comprehensive income		3,535,550	-
Equity instruments at fair value through other comprehensive income		575	-
Debt instruments at amortised cost		6,579,311	-
Financial assets held for trading		-	3,547,420
Islamic derivative financial instruments		618,234	662,899
Financial investments available-for-sale		-	2,707,721
Financial investments held-to-maturity		-	5,241,403
Financing, advances and other financing/loans	A34d(i)	82,543,789	67,914,990
Other assets		1,972,289	1,417,469
Deferred tax assets		12,961	17,917
Amount due from conventional operations		2,768,861	2,506,840
Statutory deposits with Bank Negara Malaysia		2,034,902	1,554,286
Property, plant and equipment		5,513	8,790
Goodwill		136,000	136,000
Intangible assets		73,674	79,584
<b>TOTAL ASSETS</b>		<b>115,943,638</b>	<b>102,923,800</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>			
Deposits from customers	A34(e)	81,396,227	74,879,644
Investment accounts of customers	A34(f)	3,439,548	907,763
Deposits and placements of banks and other financial institutions		3,050,481	1,897,975
Investment accounts due to designated financial institutions	A34(g)	9,708,433	8,145,684
Financial liabilities designated at fair value through profit or loss	A34(h)	1,291	2,233
Islamic derivative financial instruments		640,574	707,081
Other liabilities		3,793,138	4,443,630
Recourse obligation on loans and financing sold to Cagamas		1,916,946	2,072,300
Amount due to conventional operations		3,073,234	1,208,445
Provision for taxation		54,999	56,012
Sukuk		383,258	463,257
Other borrowings		-	246,633
Subordinated Sukuk		613,973	615,006
<b>TOTAL LIABILITIES</b>		<b>108,072,102</b>	<b>95,645,663</b>
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		6,560,618	5,976,274
		7,836,314	7,251,970
Non-controlling interests		35,222	26,167
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>7,871,536</b>	<b>7,278,137</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>115,943,638</b>	<b>102,923,800</b>



**A34b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED  
30 SEPTEMBER 2018**

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income derived from investment of depositors' funds and others	1,068,036	907,829	3,050,676	2,609,449
Income derived from investment of investment account	157,507	66,534	408,013	177,693
Net income derived from investment of shareholders' funds	143,652	103,538	428,695	270,175
Expected credit loss/allowance on financing, advances and other financing/loans	(42,476)	(31,207)	(179,264)	(103,533)
Expected credit losses for commitments and contingencies	(3,521)	-	(8,326)	-
Other expected credit losses/allowances (made)/written back for other impairment losses	(55)	(70)	781	(48)
Total distributable income	<u>1,323,143</u>	1,046,624	<u>3,700,575</u>	2,953,736
Income attributable to depositors and others	(681,120)	(554,198)	(1,925,244)	(1,556,081)
Profit distributed to investment account holder	(125,035)	(50,487)	(325,147)	(131,097)
Total net income	<u>516,988</u>	441,939	<u>1,450,184</u>	1,266,558
Other operating expenses	(168,588)	(154,904)	(502,072)	(457,763)
Profit before taxation and zakat	<u>348,400</u>	287,035	<u>948,112</u>	808,795
Taxation and zakat	(23,100)	(53,342)	(139,281)	(145,769)
Profit for the financial period	<u>325,300</u>	233,693	<u>808,831</u>	663,026
Profit for the financial period attributable to:				
Owners of the Parent	321,311	230,345	800,366	654,209
Non-controlling interests	3,989	3,348	8,465	8,817
	<u>325,300</u>	233,693	<u>808,831</u>	663,026

**A34c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the financial period	325,300	233,693	808,831	663,026
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Equity instruments at fair value through other comprehensive income	(120)	-	(130)	-
- Net loss from change in fair value	(120)	-	(130)	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	2,369	-	23,034
- Net gain from change in fair value	-	4,942	-	28,921
- Realised gain transferred to statement of income on disposal	-	(2,558)	-	(3,400)
- Income tax effects	-	(15)	-	(2,487)
Debt instruments at fair value through other comprehensive income	18,679	-	3,335	-
- Net gain from change in fair value	27,086	-	10,933	-
- Realised gain transferred to statement of income on disposal	(2,982)	-	(5,384)	-
- Changes in expected credit losses	43	-	465	-
- Income tax effects	(5,468)	-	(2,679)	-
Exchange fluctuation reserve	5,952	(1,061)	8,136	(7,266)
Other comprehensive income for the financial period, net of tax	24,511	1,308	11,341	15,768
Total comprehensive income for the financial period	349,811	235,001	820,172	678,794
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	349,938	235,201	819,581	679,601
Non-controlling interests	(127)	(200)	591	(807)
	349,811	235,001	820,172	678,794
<u>Income from Islamic operations (per page 2)</u>				
Total net income	516,988	441,939	1,450,184	1,266,558
Add: Expected credit losses/allowance on financing, advances and other financing/loans	42,476	31,207	179,264	103,533
Add: Expected credit losses for commitments and contingencies	3,521	-	8,326	-
Add: Other expected credit losses/allowances made/(written back) for other impairment losses	55	70	(781)	48
	563,040	473,216	1,636,993	1,370,139
Elimination for transaction with conventional operations	104,670	54,321	292,826	147,692
	667,710	527,537	1,929,819	1,517,831

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

30 September 2018

	The Group											Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others	
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntabiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Ujarah	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>												
Cash line <sup>^</sup>	-	10,801	2,199	-	845,079	-	-	-	-	2,277	-	860,356
Term financing												
House Financing	277,565	5,921,136	-	-	9,916,439	1,378,948	-	-	1,683,758	-	-	19,177,846
Syndicated Financing	480,479	-	170,953	-	1,972,884	17,586	-	700	-	-	-	2,642,602
Hire purchase receivables	172,130	-	-	-	-	-	7,242,826	-	-	-	-	7,414,956
Other term financing	1,441,011	1,540,774	9,125,403	-	25,120,426	187,043	-	59,865	-	-	-	37,474,522
Bills receivable	-	-	-	13,174	-	-	-	-	-	328	-	13,502
Islamic Trust receipts	109,007	-	-	-	-	-	-	-	-	-	-	109,007
Claims on customers under acceptance credits	698,645	-	-	61,661	-	-	-	-	-	-	-	760,306
Staff financing	-	-	-	-	103,203	-	-	-	3,447	-	-	106,650
Revolving credits	-	-	-	-	8,097,602	-	-	-	-	-	-	8,097,602
Credit card receivables	-	-	-	-	-	-	-	-	-	174,667	132,452	307,119
Share purchase financing	410	-	-	-	-	-	-	8,624	3,791,425	-	-	3,800,459
Other financing	-	-	-	1,992,523	-	-	-	-	-	-	-	1,992,523
Gross financing, advances and other financing/loans, at amortised cost	3,179,247	7,472,711	9,298,555	2,067,358	46,055,633	1,583,577	7,242,826	69,189	5,478,630	177,272	132,452	82,757,450
<b>At fair value through profit or loss</b>												
Term financing												
Syndicated Financing	-	-	41,697	-	445,502	4,289	-	-	-	-	-	491,488
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	41,697	-	445,502	4,289	-	-	-	-	-	491,488
Total Gross loans, advances and financing/loans	3,179,247	7,472,711	9,340,252	2,067,358	46,501,135	1,587,866	7,242,826	69,189	5,478,630	177,272	132,452	83,248,938
Fair value changes arising from fair value hedge												39,656
												83,288,594
Less: Expected credit losses												
<b>At amortised cost:</b>												
- Expected credit losses on financing, advances and other financing/loans												(744,805)
<b>Net financing, advances and other financing/loans</b>												82,543,789

<sup>^</sup> Includes current account in excess

\* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. 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.

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2017

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others	Total
	Murabahah	Bai' Bithaman Ajl	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al- Bai' #	Mudharabah	Musharakah	Qard	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At amortised cost</b>												
Cash line^	-	14,452	4,221	-	777,355	-	-	-	-	2,064	-	798,092
Term financing												
House Financing	341,350	6,329,300	-	-	6,775,695	1,433,334	-	-	1,098,957	-	-	15,978,636
Syndicated Financing	496,721	-	228,506	-	2,092,012	59,738	-	739	-	-	-	2,877,716
Hire purchase receivables	344,084	-	-	-	-	-	5,709,622	-	-	-	-	6,053,706
Other term financing	1,703,832	1,720,870	9,305,762	-	19,486,424	206,666	-	39,271	508,663	-	-	32,971,488
Bills receivable	-	-	-	1,567,399	-	-	-	-	-	292	-	1,567,691
Islamic Trust receipts	153,508	-	-	-	-	-	-	-	-	-	-	153,508
Claims on customers under acceptance credits	699,677	-	-	152,731	-	-	-	-	-	-	-	852,408
Staff financing	-	-	-	-	57,729	-	-	-	1,466	-	-	59,195
Revolving credits	-	-	-	-	4,929,326	-	-	-	-	-	-	4,929,326
Credit card receivables	-	-	-	-	-	-	-	-	-	194,741	128,947	323,688
Share purchase financing	3,737	-	-	-	-	-	-	5,246	1,698,569	-	-	1,707,552
Gross financing, advances and other financing/loans	3,742,909	8,064,622	9,538,489	1,720,130	34,118,541	1,699,738	5,709,622	45,256	3,307,655	197,097	128,947	68,273,006
Fair value changes arising from fair value hedge												69,873
												68,342,879
Less: Allowance for impairment losses												
- Individual impairment allowance												(134,937)
- Portfolio impairment allowance												(292,952)
												(427,889)
<b>Net financing, advances and other financing/loans</b>												<b>67,914,990</b>

^ Includes current account in excess

\* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. 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.

**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)****(i) By type and Shariah contract (Continued)**

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

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

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

**c) Movement of Qard financing**

	<b>The Group</b>	
	<b>30 September 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
At 1 January	197,097	177,965
New disbursement	78,673	126,993
Repayment	(84,821)	(86,859)
Exchange fluctuation	(13,677)	(21,002)
At 30 September/ 31 December	<u>177,272</u>	<u>197,097</u>
Sources of Qard fund:		
Depositors' fund	177,116	196,961
Shareholders' fund	156	136
	<u>177,272</u>	<u>197,097</u>
Uses of Qard fund:		
Personal use	174,840	194,903
Business use	2,432	2,194
	<u>177,272</u>	<u>197,097</u>

**(ii) By geographical distribution**

	<b>The Group</b>	
	<b>30 September 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Malaysia	71,019,499	57,877,095
Indonesia	6,778,516	5,071,479
Singapore	4,030,898	4,150,641
Hong Kong	513,428	283,246
Other countries	906,597	890,545
Gross financing, advances and other financing/loans	<u>83,248,938</u>	<u>68,273,006</u>

**(iii) By economic sector**

	<b>The Group</b>	
	<b>30 September 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Primary agriculture	2,834,099	2,456,261
Mining and quarrying	2,297,357	2,509,756
Manufacturing	2,732,925	2,180,160
Electricity, gas and water supply	1,826,709	284,083
Construction	3,034,955	2,201,982
Transport, storage and communications	4,283,855	2,667,465
Education, health and others	7,968,974	7,603,019
Wholesale and retail trade, and restaurants and hotels	3,586,607	2,508,492
Finance, insurance/takaful, real estate and business activities	11,688,708	10,029,754
Household	40,352,493	33,495,144
Others	2,642,256	2,336,890
	<u>83,248,938</u>	<u>68,273,006</u>

**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**

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

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>484,738</b>	456,100
Indonesia	<b>87,333</b>	64,525
Singapore	<b>68,335</b>	66,950
Other countries	<b>123,809</b>	126,222
Gross impaired financing, advances and other financing/loans	<b>764,215</b>	713,797

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

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>22,012</b>	12,554
Mining and quarrying	<b>189,795</b>	189,591
Manufacturing	<b>24,411</b>	22,609
Construction	<b>29,488</b>	8,311
Transport, storage and communications	<b>125,881</b>	159,765
Education, health and others	<b>10,977</b>	11,967
Wholesale and retail trade, and restaurants and hotels	<b>24,545</b>	1,691
Finance, insurance/takaful, real estate and business activities	<b>37,088</b>	24,191
Household	<b>252,114</b>	248,605
Others	<b>47,904</b>	34,513
	<b>764,215</b>	713,797

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group					Total RM'000
	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	
<b>Financing, advances and other financing/loans at amortised cost</b>						
<b>At 1 January 2018</b>	-	-	-	134,937	292,952	427,889
Effect of adopting MFRS 9	227,751	132,504	263,935	(134,937)	(292,952)	196,301
<b>Adjusted 1 January 2018</b>	227,751	132,504	263,935	-	-	624,190
Changes in expected credit losses due to transferred within stages:	179,396	(152,366)	(27,030)	-	-	-
Transferred to stage 1	221,781	(187,623)	(34,158)	-	-	-
Transferred to stage 2	(42,122)	88,414	(46,292)	-	-	-
Transferred to stage 3	(263)	(53,157)	53,420	-	-	-
<b>Total charge to Income Statement:</b>	<b>(64,474)</b>	<b>142,391</b>	<b>149,532</b>	<b>-</b>	<b>-</b>	<b>227,449</b>
New financial assets originated	185,621	1,613	410	-	-	187,644
Financial assets that have been derecognised	(82,677)	(1,200)	-	-	-	(83,877)
Writeback in respect of full recoveries	-	-	(2,358)	-	-	(2,358)
Change in credit risk	(167,418)	141,978	151,480	-	-	126,040
Write-offs	-	-	(97,148)	-	-	(97,148)
Exchange fluctuation	(2,013)	3,076	(15,318)	-	-	(14,255)
Other movements	(66)	(146)	4,781	-	-	4,569
<b>At 30 September 2018</b>	<b>340,594</b>	<b>125,459</b>	<b>278,752</b>	<b>-</b>	<b>-</b>	<b>744,805</b>

CIMB Islamic Bank  
30 September  
2018

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

1.0%

	The Group 31 December 2017	
	Individual impairment allowance RM'000	Portfolio impairment allowance RM'000
At 1 January 2017	87,298	304,252
Net allowance made during the financial year	62,718	164,727
Amount written off	(9,800)	(175,934)
Allowance transferred to conventional operations	-	(73)
Exchange fluctuation	(5,279)	(20)
<b>At 31 December 2017</b>	<b>134,937</b>	<b>292,952</b>

Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loan  
(excluding RPSIA financing) less individual impairment allowance

1.06%

**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**

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

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

	<b>The Group</b>		
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Impaired financing, advances and other financing/loans under MFRS 139 RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	-	713,797	713,797
Effect of adopting MFRS 9	713,797	(713,797)	-
<b>Adjusted 1 January 2018</b>	<b>713,797</b>	<b>-</b>	<b>713,797</b>
Transfer within stages	248,203	-	248,203
New financial assets originated	1,062	-	1,062
Write-offs	(97,148)	-	(97,148)
Amount fully recovered	(30,308)	-	(30,308)
Other changes in financing, advances and other financing/loans	(56,014)	-	(56,014)
Exchange fluctuation	(15,377)	-	(15,377)
<b>At 30 September 2018</b>	<b>764,215</b>	<b>-</b>	<b>764,215</b>

**The Group  
30 September  
2018**

Ratio of credit impaired financing to total financing, advances and other financing

**0.92%**

**Impaired loans under MFRS 139**

**The Group  
31 December  
2017  
RM'000**

At 1 January 2017	609,908
Classified as impaired during the financial year	687,077
Reclassified as not impaired during the financial year	(310,749)
Amount recovered	(107,680)
Amount written off	(185,734)
Exchange fluctuation	20,975
<b>At 31 December 2017</b>	<b>713,797</b>

Ratio of gross impaired financing, advances and other financing/loans  
to gross financing, advances and other financing/loans

**1.05%**



**A34e. DEPOSITS FROM CUSTOMERS**

**(i) By type of deposits**

	<b>The Group</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Savings deposit	<b>5,064,593</b>	4,753,799
Wadiah	-	3,734,242
Qard	-	610
Mudharabah	<b>1,537,201</b>	743,600
Commodity Murabahah (via Tawarruq arrangement) *	<b>3,527,392</b>	275,347
Demand deposit	<b>11,582,061</b>	12,041,515
Wadiah	<b>498,682</b>	11,691,067
Qard	<b>9,226,110</b>	210,386
Mudharabah	<b>129,128</b>	-
Hybrid (Qard and Mudharabah)	-	105,832
Commodity Murabahah (via Tawarruq arrangement) *	<b>1,728,141</b>	34,230
Term deposit	<b>60,676,995</b>	53,552,869
Commodity Murabahah Deposits-i (via Tawarruq arrangement) *	<b>39,040,192</b>	33,420,800
Fixed Return Income Account-i (via Tawarruq arrangement)*	<b>21,636,803</b>	20,110,592
Short term money market deposit-i	-	21,477
Wakalah	-	11,961
Wadiah	-	9,516
Fixed Deposit-i	-	8,981
Wadiah	-	8,981
General investment account	<b>3,945,921</b>	3,993,941
Mudharabah	<b>3,945,921</b>	3,993,941
Specific investment account	<b>108,682</b>	113,014
Mudharabah	<b>108,682</b>	113,014
Islamic negotiable instruments	-	398,199
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,199
Others	<b>17,975</b>	17,326
Qard	<b>17,975</b>	17,326
	<b>81,396,227</b>	74,879,644

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

**(ii) By maturity structures of term deposit**

Due within six months	<b>53,186,306</b>	51,988,977
Six months to one year	<b>11,378,349</b>	5,850,343
One year to three years	<b>70,063</b>	112,556
Three years to five years	<b>634</b>	2,114
More than five years	<b>96,246</b>	113,014
	<b>64,731,598</b>	58,067,004

**A34e. DEPOSITS FROM CUSTOMERS (Continued)**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
<b>(iii) By type of customer</b>		
Government and statutory bodies	3,764,799	3,745,450
Business enterprises	36,435,496	31,504,977
Individuals	22,572,169	19,805,459
Others	18,623,763	19,823,758
	<u>81,396,227</u>	<u>74,879,644</u>

**A34f. INVESTMENT ACCOUNTS OF CUSTOMERS**

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

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

**A34g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

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

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

**A34h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
Deposits from customers - structured investments	1,291	2,233

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 September 2018 was RM70,000 (2017: RM10,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

### A35. CHANGE IN ACCOUNTING POLICIES

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

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

	<b>Impact of adoption of MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Cash and short-term funds</b>		
Closing balance under MFRS 139 as at 31 December 2017	41,667,884	182,809
- recognition of expected credit losses under MFRS 9	(41)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>41,667,843</u>	<u>182,809</u>
<b>Reverse repurchase agreements</b>		
Closing balance under MFRS 139 as at 31 December 2017	6,484,687	-
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>6,471,007</u>	<u>-</u>
<b>Deposits and placements with banks and other financial institutions</b>		
Closing balance under MFRS 139 as at 31 December 2017	4,055,330	-
- recognition of expected credit losses under MFRS 9	(1,607)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>4,053,723</u>	<u>-</u>
<b>Financial assets at fair value through profit or loss</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial assets held for trading	21,650,153	-
- reclassification from financial investments available-for-sale	1,558,115	-
- reclassification from financial investments held-to-maturity	540,110	-
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>23,734,592</u>	<u>-</u>
<b>Debt instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments available-for-sale	29,201,994	1,433,024
- reclassification from financial investments held-to-maturity	803,095	-
- unrealised loss on debt instruments at fair value through other comprehensive income	9,455	-
Opening balance under MFRS 9 as at 1 January 2018	<u>30,014,544</u>	<u>1,433,024</u>
<b>Equity instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments available-for-sale	725,550	-
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	313,150	-
- Unrealised loss on equity instruments at fair value through other comprehensive income	(313,150)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>725,550</u>	<u>-</u>
<b>Debt instruments at amortised cost</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments held-to-maturity	35,578,010	3,518,264
- reclassification from financial investments available-for-sale	918,327	-
- reclassification from financial assets held for trading	7,059	-
- remeasurement of debt instruments at amortised cost	23,802	-
- recognition of expected credit losses under MFRS 9	(20,931)	(26,554)
Opening balance under MFRS 9 as at 1 January 2018	<u>36,506,267</u>	<u>3,491,710</u>

### A35. CHANGE IN ACCOUNTING POLICIES

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

	<b>Impact of adoption of MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Financial assets held for trading</b>		
Closing balance under MFRS 139 as at 31 December 2017	21,657,212	-
- reclassification to financial assets at fair value through profit or loss	(21,650,153)	-
- reclassification to debt instruments at amortised cost	(7,059)	-
Opening balance under MFRS 9 as at 1 January 2018	-	-
<b>Financial investments available-for-sale</b>		
Closing balance under MFRS 139 as at 31 December 2017	32,403,986	1,433,024
- reclassification to debt instruments at fair value through other comprehensive income	(29,201,994)	(1,433,024)
- reclassification to financial assets at fair value through profit or loss	(1,558,115)	-
- reclassification to debt instruments at amortised cost	(918,327)	-
- reclassification to equity instruments at fair value through other comprehensive income	(725,550)	-
Opening balance under MFRS 9 as at 1 January 2018	-	-
<b>Financial investments held-to-maturity</b>		
Closing balance under MFRS 139 as at 31 December 2017	36,921,215	3,518,264
- reclassification to debt instruments at amortised cost	(35,578,010)	(3,518,264)
- reclassification to debt instruments at fair value through other comprehensive income	(803,095)	-
- reclassification to financial assets at fair value through profit or loss	(540,110)	-
Opening balance under MFRS 9 as at 1 January 2018	-	-
<b>Loans, advances and financing</b>		
Closing balance under MFRS 139 as at 31 December 2017	316,557,012	-
- recognition of expected credit losses under MFRS 9	(2,181,435)	-
Opening balance under MFRS 9 as at 1 January 2018	314,375,577	-
<b>Deferred tax assets</b>		
Closing balance under MFRS 139 as at 31 December 2017	386,850	-
- in respect of recognition of change of classification and measurement under MFRS 9	155,911	-
- in respect of recognition of expected credit losses under MFRS 9	314,860	-
Opening balance under MFRS 9 as at 1 January 2018	857,621	-
<b>Other liabilities</b>		
Closing balance under MFRS 139 as at 31 December 2017	17,789,579	1,717
- recognition of expected credit losses under MFRS 9	461,330	-
Opening balance under MFRS 9 as at 1 January 2018	18,250,909	1,717
<b>Provision for taxation</b>		
Closing balance under MFRS 139 as at 31 December 2017	507,940	-
- in respect of recognition of expected credit losses under MFRS 9	(296,620)	-
Opening balance under MFRS 9 as at 1 January 2018	211,320	-

### A35. CHANGE IN ACCOUNTING POLICIES

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

	<b>Impact of adoption of MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Retained earnings</b>		
Closing balance under MFRS 139 as at 31 December 2017	24,683,941	656,679
- Transfer to regulatory reserve	(16,511)	-
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	313,150	-
- Transfer from revaluation reserve - financial investment available-for-sale	673,562	-
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	-
- Remeasurement of debt instruments at amortised cost	20	-
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	74,538	-
- Recognition of expected credit losses under MFRS 9	(2,689,973)	(37,130)
- Tax effect arising from MFRS 9	612,157	-
- Transfer to cost of hedging reserve	(55)	-
- Transfer from own credit risk reserve	4,212	-
Opening balance under MFRS 9 as at 1 January 2018	<u>23,627,575</u>	<u>619,549</u>
<b>Revaluation reserve - financial investment available-for-sale</b>		
Closing balance under MFRS 139 as at 31 December 2017	499,476	26,619
- Transfer to retained profits	(673,562)	-
- Revaluation loss transfer to fair value reserve - debt instruments at fair value through other comprehensive income	147,543	(26,619)
- Transfer to fair value reserve - equity instruments at fair value through other comprehensive income	(126,129)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	2,254	-
- Day 1 remeasurement of debts at amortised cost	23,782	-
- Tax effect arising from MFRS 9	126,636	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
<b>Fair value reserves - Debt instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Revaluation loss transfer from revaluation reserve - financial investment available-for-sale	(147,543)	26,619
- Unrealised gain on debt instruments at fair value through other comprehensive income	9,548	-
- Recognition of expected credit losses under MFRS 9	24,536	10,576
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(673)	-
- Tax effect arising from MFRS 9	41,218	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(72,914)</u>	<u>37,195</u>
<b>Fair value reserves - Equity instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from revaluation reserve - financial investment available-for-sale	126,129	-
- Unrealised loss on equity instruments at fair value through other comprehensive income	(313,150)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	1,603	-
- Tax effect arising from MFRS 9	(12,620)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(198,038)</u>	<u>-</u>

### A35. CHANGE IN ACCOUNTING POLICIES

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

	<b>Impact of adoption of MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Other reserves - Own credit risk reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from retained earnings	(4,212)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(4,212)</u>	<u>-</u>
<b>Other reserves - Cost of hedging reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from retained earnings	55	-
Opening balance under MFRS 9 as at 1 January 2018	<u>55</u>	<u>-</u>
<b>Regulatory reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,502,520	-
- Transfer from retained earnings	16,511	-
Opening balance under MFRS 9 as at 1 January 2018	<u>1,519,031</u>	<u>-</u>
<b>Non-controlling interests</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,360,956	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(77,722)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>1,283,234</u>	<u>-</u>

### A35. CHANGE IN ACCOUNTING POLICIES

(a). The impact of the above on the financial statements of the Group and the Company are set out as follows:

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

	The Group					The Company				
	Audited as at	Effects of adopting MFRS 9			Adjusted	Audited as at	Effects of adopting MFRS 9			Adjusted
	31 December 2017 RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	1 January 2018 RM'000	31 December 2017 RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	1 January 2018 RM'000
<b>Assets</b>										
Cash and short-term funds	41,667,884	(41)	-	(41)	41,667,843	182,809	-	-	-	182,809
Reverse repurchase agreements	6,484,687	(13,680)	-	(13,680)	6,471,007	-	-	-	-	-
Deposits and placements with banks and other financial institutions	4,055,330	(1,607)	-	(1,607)	4,053,723	-	-	-	-	-
Financial assets at fair value through profit or loss	-	(13,786)	23,748,378	23,734,592	23,734,592	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	9,455	30,005,089	30,014,544	30,014,544	-	-	1,433,024	1,433,024	1,433,024
Equity instruments at fair value through other comprehensive income	-	-	725,550	725,550	725,550	-	-	-	-	-
Debt instruments at amortised cost	-	2,871	36,503,396	36,506,267	36,506,267	-	(26,554)	3,518,264	3,491,710	3,491,710
Financial assets held for trading	21,657,212	-	(21,657,212)	(21,657,212)	-	-	-	-	-	-
Derivative financial instruments	8,447,957	-	-	-	8,447,957	-	-	-	-	-
Financial investments available-for-sale	32,403,986	-	(32,403,986)	(32,403,986)	-	1,433,024	-	(1,433,024)	(1,433,024)	-
Financial investments held-to-maturity	36,921,215	-	(36,921,215)	(36,921,215)	-	3,518,264	-	(3,518,264)	(3,518,264)	-
Loans, advances and financing	316,557,012	(2,181,435)	-	(2,181,435)	314,375,577	-	-	-	-	-
Other assets	12,147,332	-	-	-	12,147,332	42,195	-	-	-	42,195
Tax recoverable	129,072	-	-	-	129,072	109,243	-	-	-	109,243
Deferred tax assets	386,850	314,860	155,911	470,771	857,621	-	-	-	-	-
Statutory deposits with central banks	8,630,454	-	-	-	8,630,454	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	27,052,448	-	-	-	27,052,448
Investment in associates and joint ventures	259,930	-	-	-	259,930	3,834	-	-	-	3,834
Property, plant and equipment	1,991,646	-	-	-	1,991,646	1,117	-	-	-	1,117
Investment properties	-	-	-	-	-	417	-	-	-	417
Prepaid lease payments	101,913	-	-	-	101,913	-	-	-	-	-
Goodwill	8,225,745	-	-	-	8,225,745	-	-	-	-	-
Intangible assets	1,820,369	-	-	-	1,820,369	-	-	-	-	-
	501,888,594	(1,883,363)	155,911	(1,727,452)	500,161,142	32,343,351	(26,554)	-	(26,554)	32,316,797
Non-current assets held for sale	4,610,938	-	-	-	4,610,938	1,038,859	-	-	-	1,038,859
<b>TOTAL ASSETS</b>	<b>506,499,532</b>	<b>(1,883,363)</b>	<b>155,911</b>	<b>(1,727,452)</b>	<b>504,772,080</b>	<b>33,382,210</b>	<b>(26,554)</b>	<b>-</b>	<b>(26,554)</b>	<b>33,355,656</b>

**A35. CHANGE IN ACCOUNTING POLICIES** (Continued)

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

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

	The Group				The Company					
	Audited as at 31 December 2017	Effects of adopting MFRS 9		Adjusted 1 January 2018	Audited as at 31 December 2017	Effects of adopting MFRS 9		Total	Adjusted 1 January 2018	
	RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	RM'000	RM'000	
<b>Liabilities</b>										
Deposits from customers	348,518,277	-	-	-	348,518,277	-	-	-	-	
Investment accounts of customers	907,763	-	-	-	907,763	-	-	-	-	
Deposits and placements of banks and other financial institutions	19,751,576	-	-	-	19,751,576	-	-	-	-	
Repurchase agreements	6,122,273	-	-	-	6,122,273	-	-	-	-	
Financial liabilities designated at fair value through profit or loss	4,773,440	-	-	-	4,773,440	-	-	-	-	
Derivative financial instruments	8,751,383	-	-	-	8,751,383	-	-	-	-	
Bills and acceptances payable	3,177,182	-	-	-	3,177,182	-	-	-	-	
Other liabilities	17,789,579	461,330	-	461,330	18,250,909	1,717	-	-	1,717	
Recourse obligation on loans and financing sold to Cagamas	5,195,248	-	-	-	5,195,248	-	-	-	-	
Provision for taxation	507,940	(296,620)	-	(296,620)	211,320	-	-	-	-	
Deferred tax liabilities	80,943	-	-	-	80,943	361	-	-	361	
Bonds, sukuk and debentures	14,895,625	-	-	-	14,895,625	-	-	-	-	
Other borrowings	10,057,295	-	-	-	10,057,295	3,553,113	-	-	3,553,113	
Subordinated obligations	12,532,965	-	-	-	12,532,965	6,904,556	-	-	6,904,556	
	453,061,489	164,710	-	164,710	453,226,199	10,459,747	-	-	10,459,747	
Non-current liabilities held for sale	3,631,608	-	-	-	3,631,608	-	-	-	-	
<b>Total liabilities</b>	<b>456,693,097</b>	<b>164,710</b>	<b>-</b>	<b>164,710</b>	<b>456,857,807</b>	<b>10,459,747</b>	<b>-</b>	<b>-</b>	<b>10,459,747</b>	
<b>Equity</b>										
Ordinary share capital	22,183,226	-	-	-	22,183,226	22,183,226	-	-	22,183,226	
Reserves	26,062,859	(1,970,351)	155,911	(1,814,440)	24,248,419	739,280	(26,554)	(26,554)	712,726	
Less: Shares held under trust	(563)	-	-	-	(563)	-	-	-	-	
Treasury shares, at cost	(43)	-	-	-	(43)	(43)	-	-	(43)	
	48,245,479	(1,970,351)	155,911	(1,814,440)	46,431,039	22,922,463	(26,554)	(26,554)	22,895,909	
Perpetual preference shares	200,000	-	-	-	200,000	-	-	-	-	
Non-controlling interests	1,360,956	(77,722)	-	(77,722)	1,283,234	-	-	-	-	
<b>TOTAL EQUITY</b>	<b>49,806,435</b>	<b>(2,048,073)</b>	<b>155,911</b>	<b>(1,892,162)</b>	<b>47,914,273</b>	<b>22,922,463</b>	<b>(26,554)</b>	<b>(26,554)</b>	<b>22,895,909</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>506,499,532</b>	<b>(1,883,363)</b>	<b>155,911</b>	<b>(1,727,452)</b>	<b>504,772,080</b>	<b>33,382,210</b>	<b>(26,554)</b>	<b>(26,554)</b>	<b>33,355,656</b>	



**A35. CHANGE IN ACCOUNTING POLICIES (Continued)**

(b). The impact of the above on the financial statements of the Group and the Company are set out as follows (Continued):

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

	<b>The Group</b>				<b>Adjusted 1 January 2018 RM'000</b>
	<b>Audited as at 31 December 2017 RM'000</b>	<b>Effects of adopting MFRS 9</b>			
		<b>Remeasurement RM'000</b>	<b>Reclassification RM'000</b>	<b>Total RM'000</b>	
Retained earnings	24,683,941	(1,758,001)	701,635	(1,056,366)	23,627,575
Revaluation reserve					
- financial investment available-for-sale	499,476	25,060	(524,536)	(499,476)	-
Fair value reserves					
- Debt instruments at fair value through other comprehensive income	-	32,733	(105,647)	(72,914)	(72,914)
- Equity instruments at fair value through other comprehensive income	-	(282,497)	84,459	(198,038)	(198,038)
Regulatory reserve	1,502,520	16,511	-	16,511	1,519,031
Other reserves	(1,374,602)	(4,157)	-	(4,157)	(1,378,759)
Non-controlling interests	1,360,956	(77,722)	-	(77,722)	1,283,234
	<b>26,672,291</b>	<b>(2,048,073)</b>	<b>155,911</b>	<b>(1,892,162)</b>	<b>24,780,129</b>

	<b>The Company</b>				<b>Adjusted 1 January 2018 RM'000</b>
	<b>Audited as at 31 December 2017 RM'000</b>	<b>Effects of adopting MFRS 9</b>			
		<b>Remeasurement RM'000</b>	<b>Reclassification RM'000</b>	<b>Total RM'000</b>	
Retained earnings	656,679	(37,130)	-	(37,130)	619,549
Revaluation reserve					
- financial investment available-for-sale	26,619	-	(26,619)	(26,619)	-
Fair value reserve - debt instruments at fair value through other comprehensive income	-	10,576	26,619	37,195	37,195
	<b>683,298</b>	<b>(26,554)</b>	<b>-</b>	<b>(26,554)</b>	<b>656,744</b>

## **Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

### **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

#### **CIMB Group Holdings Berhad ("CIMB Group" or the "Group") results**

CIMB Group Holdings Berhad ("CIMB Group" or the "Group") reported a net profit of RM4.47 billion for the first 9 months of 2018 ("9M18") bolstered by a gain from the sale of 20% of CIMB-Principal Asset Management ("CPAM") and 10% of CIMB-Principal Islamic Asset Management ("CPIAM") amounting to RM928 million. This raised the Group's 9M18 Return On average Equity ("ROE") to 11.6%, and reduced its Cost-to-Income Ratio ("CIR") to 48.0%.

On a Business-As-Usual ("BAU") basis, Profit Before Tax ("PBT") was RM4.76 billion for 9M18 representing a 4.0% year-on-year ("Y-o-Y") growth. Lower Y-o-Y operating expenses of 6.4% and loan loss provisions of 30.7% contributed to the Group's increase in 9M18 BAU net profit by 3.6% Y-o-Y to RM3.54 billion. This was achieved despite a 5.6% Y-o-Y drop in operating income due to weaker capital markets in Malaysia. The 9M18 net earnings per share ("EPS") stood at 38.0 sen, while the annualised ROE was 9.8%.

The Group is pleased to deliver a record PBT of RM5.69 billion in 9M18 despite the challenging operating landscape. The good 9M18 performance was underpinned by lower provisions and costs, continued improvement from Consumer and Commercial banking, as well as a recovery in Wholesale banking revenue in 3Q18.

#### **CIMB Group 9M18 Y-o-Y Performance**

	The Group Nine months ended		Variance RM'mil	%
	30 September 2018 RM'mil	30 September 2017 RM'mil		
<b>Key Profit or Loss Items:</b>				
Operating income	12,379 *	13,111	(732)	(5.6)
Profit before taxation and zakat	4,760 *	4,575	185	4.0
Net profit for the financial period attributable to Owners of the Parent	3,538 *	3,415	123	3.6

\* Excludes CPAM and CPIAM gain of RM928mil

CIMB Group's 9M18 operating income was 5.6% lower Y-o-Y at RM12.38 billion from a 10.0% decline in non-interest income from slower capital markets in Malaysia in 2Q18 and a 3.7% decline in net interest income mainly from Commercial and Wholesale banking. This was offset by a RM163 million gain from the sale of 50% of CSI from 1H18. The Group's PBT was 4.0% higher Y-o-Y at RM4.76 billion, with operating expenses and loans provisions declining by 6.4% and 30.7% YoY, respectively. The 9M18 CIR stood at 51.6%.

The Group's Consumer Bank PBT was 23.1% higher Y-o-Y in 9M18 at RM2.36 billion, making up 49% of Group PBT. The better performance was attributed to 53.2% lower provisions with revenue growth underpinned by steady net interest income and non-interest income growth. The Commercial Banking PBT increased by 69.4% Y-o-Y from its regional business recalibration, although the lower cost and provisions were partially offset by a decline in operating income. PBT at the Group's Wholesale Banking division was RM1.27 billion or 31.3% lower Y-o-Y from the significantly weaker capital markets in 2Q18 and higher provisions. Group Asset Management and Investments ("GAMI") PBT improved 52.6% Y-o-Y from better performances in both public and private markets, with a 14.4% increase in public markets assets under management. Group Funding PBT increased 17.2% Y-o-Y mainly from the RM163 million gain arising from the sale of 50% of CSI.

Non-Malaysia PBT contribution to the Group stood at 35% in 9M18 compared to 33% in 9M17. Indonesia's PBT decreased by 5.3% Y-o-Y to RM915 million. However, excluding FX translation effects, Indonesia's PBT expanded 8.7% Y-o-Y in line with CIMB Niaga's improving performance. Thailand's PBT contribution of RM356 million was a 83.5% Y-o-Y increase mainly from improvements in Consumer and lower provisions. Total PBT contribution from Singapore was 14.2% higher Y-o-Y at RM330 million mainly from savings on the deconsolidation of CSI.

The Group's total gross loans (excluding the bad bank) grew by 4.9% Y-o-Y (+7.3% excluding FX effects), while total deposits were 3.7% higher Y-o-Y. The Group's Loan to Deposit Ratio ("LDR") stood at 93.1%, compared to 92.0% as at end-September 2017.

The Group's gross impairment ratio stood at 3.1% as at end-September 2018, with an allowance coverage of 107.1%. The Group's Cost-to-Income Ratio improved to 51.6% compared with 52.1% in 9M17, in line with continued cost management. The Group's Net Interest Margin ("NIM") was lower at 2.52% attributed to the contraction at CIMB Niaga.

As at 30 September 2018, CIMB Group's total capital ratio stood at 16.9% while the Common Equity Tier 1 ("CET1") capital ratio stood at 12.3%.

## B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS (CONTINUED)

### CIMB Group 3Q18 vs. 3Q17 Performance

	The Group 3rd quarter ended			
	30 September 2018 RM'mil	30 September 2017 RM'mil	Variance RM'mil	%
<b>Key Profit or Loss Items:</b>				
Operating income	4,140	4,423	(283)	(6.4)
Profit before taxation and zakat	1,486	1,528	(42)	(2.7)
Net profit for the financial period attributable to Owners of the Parent	1,180	1,132	48	4.2

\* Excludes CPAM and CPIAM gain of RM928mil

On a Y-o-Y basis, the 6.4% operating income decline in 3Q18 was attributed to a decline in non-interest income and net interest income of 17.0% and 1.6%, respectively. Consumer Banking PBT grew 3.9% Y-o-Y from better cost management. Regional Commercial Banking PBT rose 450.0% Y-o-Y from the reduction in provisions. Wholesale Banking PBT was 41.7% lower Y-o-Y across all wholesale segments given the weaker capital markets. GAMI PBT was 542.9% higher Y-o-Y from improvement in private markets, while Group Funding 3Q18 PBT was flat Y-o-Y. The Group's 3Q18 net profit increased by 4.2% Y-o-Y to RM1.18 billion largely attributed to all segments except Wholesale banking.

### CIMB Group 3Q18 Q-o-Q Performance Current quarter against preceding quarter

	The Group Quarter ended			
	30 September 2018 RM'mil	30 June 2018 RM'mil	Variance RM'mil	%
<b>Key Profit or Loss Items:</b>				
Operating income	4,140	3,936 *	204	5.2
Profit before taxation and zakat	1,486	1,531 *	(45)	(2.9)
Net profit for the financial period attributable to Owners of the Parent	1,180	1,053 *	127	12.1

\* Excludes CPAM and CPIAM gain of RM928mil

On a quarter-on-quarter ("Q-o-Q") basis, 3Q18 operating income was 5.2% higher at RM4.14 billion from the better markets in 3Q18 leading to a 13.4% increase in non-interest income. Consumer Banking PBT declined 2.1% Q-o-Q from lower operating income and higher costs. Commercial Banking PBT was 1.7% higher Q-o-Q due to improved operating income and lower provisions. Wholesale Banking PBT was lower by 16.5% Q-o-Q largely attributed to higher provisions, as operating income improved in the quarter. GAMI PBT increased by 12.5% from both private and public markets, while Group Funding PBT was 25.2% higher mainly from reduced provisions. The Group's 3Q18 net profit grew 12.1% Q-o-Q driven by better operating income from Commercial and Wholesale.

### CIMB Islamic

CIMB Islamic's 9M18 PBT increased by 31.5% Y-o-Y to RM759 million, driven by strong 23.6% operating income growth due to a healthy balance sheet growth. CIMB Islamic's gross financing assets increased by 31.8% Y-o-Y to RM70.9 billion, accounting for 20.8% of total Group loans. Total deposits (including investment account) increased by 21.6% Y-o-Y to RM74.4 billion.

## B2. CORPORATE DEVELOPMENTS

### Capital Management

- On 29 March 2018, CIMB Bank completed an issuance of RM700 million Basel 3-compliant Tier 2 Subordinated Debt back to back with CIMB Group.
- On 29 March 2018, CIMB Thai issued RM390 million Basel 3-compliant Tier 2 Subordinated Debt to replace THB3 billion unsecured subordinated notes, for which CIMB Thai exercised its option to early redeem on 9 November 2017.
- On 30 April 2018, CIMB Group issued and allotted 140,251,847 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY17. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2018.

## **B2. CORPORATE DEVELOPMENTS (Continued)**

### **Capital Management (Continued)**

- On 4 September 2018, CIMB Thai Bank announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018. Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank increased from 94.11% to 94.83%.
- On 13 September 2018, CIMB Bank redeemed its RM750 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- On 13 September 2018, CIMB Bank completed an issuance of RM1.2 billion Basel 3-compliant Tier 2 Subordinated Debt back to back with CIMB Group.
- On 5 October 2018, CIMB Bank redeemed its RM1.0 billion Subordinated Bonds issued under the Innovative Tier-1 Capital Securities Programme.
- On 16 October 2018, CIMB Bank redeemed its RM300 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- On 23 October 2018, CIMBGH completed an issuance of RM1.0 billion Basel 3-compliant Additional Tier 1 Capital Securities, the proceeds of which was used to subscribe to similar RM1.0 billion Basel 3-compliant Additional Capital Securities issued by CIMB Bank on a back to back basis.
- On 25 October 2018, CIMB Group issued and allotted 198,660,129 new CIMB Group shares pursuant to the DRS arising from the First Interim Dividend announcement for FY18. The new shares were listed and quoted on the Main Market of Bursa Securities on 25 October 2018.
- On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion.
- On 15 November 2018, CIMB Niaga issued Series B Subordinated Bond of IDR75 billion.

### **Mergers and Acquisitions**

- On 6 June 2017, CIMB Group signed a conditional Share Purchase Agreement with China Galaxy International Financial Holdings Limited ("CGI") for the sale of 50% interest in CIMB Securities International Pte Ltd ("CSI"). CSI is the holding company for the cash equities business in Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, United Kingdom and United States of America. On 6 September 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities for RM55 million cash. On 18 January 2018, the CSI disposal was completed for approximately SGD167 million (approximately RM500 million). On 10 August 2018, CIMB Group received BNM approval to incorporate a Malaysia-based JV as the holding company of Jupiter Securities which will be the platform for the partnership's Malaysia operations. On 28 September 2018, the proposed acquisition of Jupiter Securities was completed.
- On 24 July 2017, CIMB Group's 52.22% subsidiary Touch 'n Go Sdn Bhd ("TNG") entered into an Investment Agreement with Alipay Singapore E-Commerce Pte Ltd, a subsidiary of Ant Financial Services Group, to form a JV, in which TNG will be the majority shareholder, to launch a new mobile platform for payments and other related financial services in Malaysia ("Proposed Joint Venture"). On 8 November 2017, BNM approved the incorporation of the JV entity, TNG Digital Sdn Bhd. On 8 January 2018, TnG Digital received BNM approval to operate and offer mobile e-wallet services in Malaysia. On 14 February 2018, the Proposed Joint Venture was completed, upon which TnG Digital became a subsidiary of TnG.
- On 11 January 2018, CIMB Group Sdn Bhd entered into sale and purchase agreements to divest 20% of CIMB-Principal Asset Management Bhd ("CPAM") and 10% of CIMB-Principal Islamic Asset Management ("CPIAM") to Principal Financial Group for RM470.3 million. CIMB Group will retain 40% ownership in both entities. On 25 May 2018, CIMB Group announced the completion of the divestment.

## **B2. CORPORATE DEVELOPMENTS (Continued)**

### **Others**

- On 29 January 2018, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 14 February 2018, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA(thai) and F1+(thai) respectively. The outlook is stable.
- On 16 March 2018, Fitch Ratings reaffirmed CIMB Niaga's long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(Idn) and F1+(Idn). The outlook is stable. .
- On 13 April 2018, Moody's upgraded CIMB Niaga's long-term and short-term foreign currency deposits rating from Baa3 and P-3 to Baa2 and P-2 respectively. The outlook is stable.
- On 24 May 2018, CIMB Niaga completed a Cash Dividend distribution of IDR 595,547,660,321 to all its shareholders for FY2017.
- On 21 June 2018, Moody's reaffirmed CIMB Thai's long-term and short-term foreign currency deposits rating at Baa2 and P-2 respectively. The outlook is stable.
- On 26 June 2018, Moody's reaffirmed (i) CIMB Bank's and CIMB Islamic Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively; and (ii) CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 28 June 2018, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa2 and P-2 respectively. The outlook is stable.
- On 9 August 2018, RAM reaffirmed CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1 respectively. Also, RAM reaffirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme at AA3. The outlook is stable.
- On 13 August 2018, Fitch Ratings downgraded CIMB Niaga's long-term issuer default rating from BBB to BBB-, as well as long-term national ratings from AAA(idn) to AA+(idn). The short-term issuer default rating and short-term national ratings are reaffirmed at F3 and F1+ respectively. The outlook is stable.
- On 14 August 2018, Fitch Ratings downgraded CIMB Thai's long-term national rating from AA(thai) to AA-(thai). The short-term national rating is reaffirmed at F1+(thai). The outlook is stable.
- On 24 September 2018, Dato' Sri Nazir Razak announced his intention to retire as Group Chairman of CIMB Group and all other positions within the CIMB group of companies and on 19 October 2018 stepped down from his position. On 20 October 2018, Datuk Mohd Nasir Ahmad was appointed as Group Chairman.
- On 19 November 2018, CIMB announced a Group organisational change. Shahnaz Jammal is appointed as CEO of Group Wholesale Banking; Khairulanwar Rifaie appointed as Group Chief Financial Officer; Effendy Shahul Hamid appointed as CEO of Group Ventures and Partnerships; and, Gurdip Singh as Group Chief Strategy and Design Officer, effective 1 January 2019. Victor Lee Meng Teck will be appointed as CEO of Group Commercial Banking and Transaction Banking effective 17 January 2019. Omar Siddiq will be appointed Group Chief Operating Officer effective 26 November 2018.

## **B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD**

As 2018 draws to a close, CIMB Group remains on track to meet its key T18 targets. However, the Group remains cautious amidst weaker regional economies and global trade tensions. Against this backdrop, it will continue to control asset quality and cost across all businesses and geographies, while finalising its next mid-term plan to propel CIMB onto a stronger growth trajectory.

#### B4. TAXATION AND ZAKAT

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Major components of tax expense and zakat:				
Current tax expense	309,366	376,884	1,004,691	1,010,557
Deferred tax expense	(14,103)	(20,577)	145,770	49,084
(Over)/Under provision in prior years	(423)	5,725	(9,032)	390
	<u>294,840</u>	<u>362,032</u>	<u>1,141,429</u>	<u>1,060,031</u>
Zakat	-	-	1,445	-
	<u>294,840</u>	<u>362,032</u>	<u>1,142,874</u>	<u>1,060,031</u>
<b>Reconciliation</b>				
Profit before taxation and zakat	1,486,401	1,527,351	5,688,454	4,574,606
Less: Share of results of joint venture	(12,870)	(1,774)	(23,264)	(10,415)
Share of results of associates	(315)	(506)	(3,568)	1,128
	<u>1,473,216</u>	<u>1,525,071</u>	<u>5,661,622</u>	<u>4,565,319</u>
Tax at statutory income tax rate of 24%	353,572	366,017	1,358,789	1,095,677
Effect of different tax rates in other countries and change in tax rates	(35,104)	(62,352)	(89,621)	(168,673)
Due to expenses not deductible for tax purposes and income not subject to income tax	(23,205)	52,642	(118,707)	132,637
(Over)/Under provision in prior years	(423)	5,725	(9,032)	390
Tax expenses	<u>294,840</u>	<u>362,032</u>	<u>1,141,429</u>	<u>1,060,031</u>
<b>The Company</b>				
Major components of tax expense:				
Current tax expense	36	348	3,908	2,037
Deferred tax expense	2	2	6	6
Over provision in prior years	-	69	-	(1,326)
	<u>38</u>	<u>419</u>	<u>3,914</u>	<u>717</u>
<b>Reconciliation</b>				
Profit before taxation	1,052,688	1,247,303	2,394,387	1,639,598
Tax at statutory income tax rate of 24%	252,645	299,353	574,653	393,504
Due to expenses not deductible for tax purposes and income not subject to income tax	(252,607)	(299,003)	(570,739)	(391,461)
Over provision in prior years	-	69	-	(1,326)
Tax expenses	<u>38</u>	<u>419</u>	<u>3,914</u>	<u>717</u>

#### B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

#### B6. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 September	31 December
	2018	2017
	RM'000	RM'000
<b>(i) Bonds, sukuk and debentures</b>		
<b>Unsecured</b>		
One year or less (short term)		
- AUD	299,360	-
- IDR	378,865	648,235
- THB	408,280	766,947
- SGD	-	367,976
- HKD	236,299	86,056
- CNY	152,345	134,001
More than one year (medium/long term)		
- USD	5,876,126	5,882,696
- RM	4,181,211	4,282,087
- HKD	1,023,883	1,259,554
- IDR	1,197,671	984,005
- AUD	-	325,939
- CNY	-	158,129
	<u>13,754,040</u>	<u>14,895,625</u>

**B6. BORROWINGS AND DEBT SECURITIES (Continued)**

	The Group		The Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>(ii) Other borrowing</b>				
<b>Unsecured</b>				
One year or less (short term)				
- USD	749,889	800,504	-	-
- RM	1,355,962	2,353,007	1,355,962	2,553,113
- IDR	178,534	439,712	-	-
- THB	96,071	-	-	-
More than one year (medium/long term)				
- RM	2,047,494	1,025,212	2,001,169	1,000,000
- USD	4,777,442	5,072,143	-	-
- IDR	4,605	366,717	-	-
	<b>9,209,997</b>	<b>10,057,295</b>	<b>3,357,131</b>	<b>3,553,113</b>
<b>(iii) Subordinated obligations</b>				
<b>Unsecured</b>				
One year or less (short term)				
- RM	3,445,588	2,078,031	1,405,944	-
More than one year (medium/long term)				
- RM	9,948,387	9,976,427	7,501,309	6,904,556
- IDR	444,612	478,507	-	-
	<b>13,838,587</b>	<b>12,532,965</b>	<b>8,907,253</b>	<b>6,904,556</b>

**B7. MATERIAL LITIGATION**

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

**B8. COMPUTATION OF EARNINGS PER SHARE (EPS)****a) Basic EPS**

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	3rd quarter ended 30 September 2018	30 September 2017	Nine months ended 30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,179,718	1,132,224	4,466,375	3,414,946
Weighted average number of ordinary shares in issue ('000)	9,365,794	9,052,106	9,304,145	8,972,693
Basic earnings per share (expressed in sen per share)	12.56	12.50	48.00	38.06

**b) Diluted EPS**

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.