

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	The Group		The Bank	
		30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Assets</b>					
Cash and short term funds	A6	26,800,535	28,593,411	18,685,383	17,428,021
Reverse repurchase agreements		10,599,276	11,102,259	10,530,565	10,973,923
Deposits and placements with banks and other financial institutions	A6	5,090,727	2,354,294	10,871,921	10,938,420
Financial assets at fair value through profit or loss	A7	39,609,858	28,895,987	31,377,542	23,014,500
Debt instruments at fair value through other comprehensive income	A8	27,521,486	26,400,078	19,267,271	17,391,402
Equity instruments at fair value through other comprehensive income	A9	525,762	543,694	512,273	531,599
Debt instruments at amortised cost	A10	36,195,232	35,784,470	27,963,657	27,773,741
Derivative financial instruments	A24	11,941,684	8,330,859	5,938,011	5,589,909
Loans, advances and financing	A11	297,048,618	284,469,491	185,164,626	183,056,816
Other assets	A12	11,373,926	8,127,375	8,669,849	6,652,809
Tax recoverable		50,438	42,632	-	-
Deferred taxation		447,738	737,309	278,573	514,806
Statutory deposits with central banks		9,092,273	8,139,073	5,858,428	5,315,286
Amounts due from holding company and ultimate holding company		4,382	2,361	4,382	2,361
Amount due from subsidiaries		-	-	13,654	5,051
Amount due from related companies		1,149,629	1,077,762	1,148,584	1,076,218
Investment in subsidiaries		-	-	6,534,920	6,531,132
Investment in joint venture		176,244	171,864	125,000	125,000
Goodwill		5,326,676	5,213,838	3,555,075	3,555,075
Intangible assets		1,034,548	1,015,287	879,006	867,624
Prepaid lease payments		379	387	-	-
Property, plant and equipment		953,351	916,543	597,531	582,035
Right-of-use assets		755,206	-	666,131	-
		485,697,968	451,918,974	338,642,382	321,925,728
Non-current assets/disposal groups held for sale		7,467	13,775	7,467	9,576
<b>Total Assets</b>		<b>485,705,435</b>	<b>451,932,749</b>	<b>338,649,849</b>	<b>321,935,304</b>
<b>Liabilities</b>					
Deposits from customers	A13	334,326,273	319,242,889	220,626,020	217,572,712
Investment accounts of customers	A14	1,779,612	1,769,270	-	-
Deposits and placements of banks and other financial institutions	A15	26,478,831	19,307,856	25,739,744	17,776,291
Repurchase agreements		12,811,272	10,851,842	8,353,430	6,709,187
Financial liabilities designated at fair value through profit or loss	A16	4,445,064	5,880,707	287,880	1,333,570
Derivative financial instruments	A24	12,241,103	8,218,111	5,936,243	5,329,706
Bills and acceptances payable		1,909,344	1,244,944	1,075,020	479,398
Amount due to subsidiaries		-	-	375,936	93,917
Amount due to related companies		5,499	2,460	3,077	1,177
Other liabilities	A17	10,549,547	9,121,662	8,160,117	7,954,646
Lease liabilities		765,969	-	675,673	-
Recourse obligation on loans and financing sold to Cagamas		4,522,282	6,007,447	3,005,940	4,091,944
Provision for taxation		500,284	407,693	299,502	314,364
Bonds, Sukuk and debentures		16,258,667	12,193,530	14,339,198	10,693,327
Other borrowings		4,832,143	5,258,491	4,939,586	5,560,100
Subordinated obligations		10,804,716	11,298,376	10,500,460	10,399,084
<b>Total Liabilities</b>		<b>442,230,606</b>	<b>410,805,278</b>	<b>304,317,826</b>	<b>288,309,423</b>
<b>Equity</b>					
<b>Capital and reserves attributable to owners of the Parent</b>					
Ordinary share capital		20,753,114	20,088,345	20,753,114	20,088,345
Reserves		22,193,296	20,539,127	13,349,169	13,307,796
		42,946,410	40,627,472	34,102,283	33,396,141
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		298,679	270,259	-	-
<b>Total Equity</b>		<b>43,474,829</b>	<b>41,127,471</b>	<b>34,332,023</b>	<b>33,625,881</b>
<b>Total Equity and Liabilities</b>		<b>485,705,435</b>	<b>451,932,749</b>	<b>338,649,849</b>	<b>321,935,304</b>
<b>Commitments and contingencies</b>	A25	<b>1,171,813,406</b>	<b>1,106,170,733</b>	<b>655,003,115</b>	<b>611,671,542</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>7.04</b>	<b>6.80</b>	<b>5.59</b>	<b>5.59</b>

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

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<b>The Group</b>	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Interest income	A18	3,493,089	3,396,755	10,351,077	9,856,794
Interest income from financial assets at fair value through profit or loss	A19	217,938	167,755	629,670	449,595
Interest expense	A20	(1,933,623)	(1,884,642)	(5,921,942)	(5,341,219)
Net interest income		1,777,404	1,679,868	5,058,805	4,965,170
Income from Islamic Banking operations	A29(b)	687,138	582,006	1,904,957	1,682,526
Net non-interest income	A21	899,211	770,863	2,421,852	2,078,265
Net income		3,363,753	3,032,737	9,385,614	8,725,961
Overheads	A22	(1,863,348)	(1,450,107)	(5,033,487)	(4,255,839)
Profit before expected credit losses		1,500,405	1,582,630	4,352,127	4,470,122
Expected credit losses on loans, advances and financing	A23(a)	(146,923)	(234,358)	(357,048)	(514,289)
Expected credit losses (made)/written back for commitments and contingencies		(36,357)	(1,398)	90,932	(8,886)
Other expected credit losses	A23(b)	(74,666)	(96,232)	(72,362)	(98,288)
		1,242,459	1,250,642	4,013,649	3,848,659
Share of results of joint venture		1,556	321	4,380	1,971
Profit before taxation and zakat		1,244,015	1,250,963	4,018,029	3,850,630
Taxation and zakat		(280,616)	(207,112)	(895,027)	(816,657)
Profit for the financial period		963,399	1,043,851	3,123,002	3,033,973
<b>Profit for the financial period attributable to:</b>					
Owners of the Parent		960,081	1,039,392	3,112,372	3,018,950
Non-controlling interests		3,318	4,459	10,630	15,023
		963,399	1,043,851	3,123,002	3,033,973
<b>Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)</b>	B3	15.75	18.04	51.51	53.72

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

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<b>The Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	<b>963,399</b>	1,043,851	<b>3,123,002</b>	3,033,973
Other comprehensive income/(expense):				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of post employment benefits obligations	<b>(192)</b>	(857)	<b>(794)</b>	(497)
- Currency translation difference	<b>(192)</b>	(857)	<b>(794)</b>	(497)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	<b>1,462</b>	(785)	<b>(1,871)</b>	7,528
Equity instruments at fair value through other comprehensive income	<b>(3,427)</b>	(22,614)	<b>(14,833)</b>	(12,112)
- Net loss from change in fair value	<b>(2,182)</b>	(19,426)	<b>(12,123)</b>	(10,507)
- Income tax effects	<b>39</b>	(735)	<b>258</b>	132
- Currency translation difference	<b>(1,284)</b>	(2,453)	<b>(2,968)</b>	(1,737)
	<b>(2,157)</b>	(24,256)	<b>(17,498)</b>	(5,081)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>46,916</b>	56,746	<b>339,172</b>	(75,019)
- Net gain/(loss) from change in fair value	<b>206,616</b>	98,197	<b>679,797</b>	(40,140)
- Realised gain transferred to statement of income on disposal	<b>(142,500)</b>	(11,863)	<b>(293,409)</b>	(29,404)
- Changes in expected credit losses	<b>2,646</b>	(2,349)	<b>5,250</b>	995
- Income tax effects	<b>(19,439)</b>	(28,628)	<b>(52,010)</b>	(7,472)
- Currency translation difference	<b>(407)</b>	1,389	<b>(456)</b>	1,002
Net investment hedge	<b>(30,538)</b>	(133,600)	<b>(46,021)</b>	(72,944)
Cash flow hedge	<b>(4,994)</b>	709	<b>(4,194)</b>	3,556
- Net (loss)/gain from change in fair value	<b>(6,712)</b>	925	<b>(5,802)</b>	4,446
- Income tax effects	<b>1,718</b>	(216)	<b>1,608</b>	(890)
Exchange fluctuation reserve	<b>170,593</b>	484,700	<b>563,360</b>	271,958
Deferred hedging cost	<b>14,237</b>	8,217	<b>38,801</b>	36,902
	<b>196,214</b>	416,772	<b>891,118</b>	164,453
Other comprehensive income for the financial period, net of tax	<b>194,057</b>	392,516	<b>873,620</b>	159,372
<b>Total comprehensive income for the financial period</b>	<b>1,157,456</b>	1,436,367	<b>3,996,622</b>	3,193,345
<b>Total comprehensive income for the financial period attributable to:</b>				
Owners of the Parent	<b>1,148,757</b>	1,421,238	<b>3,968,202</b>	3,174,426
Non-controlling interests	<b>8,699</b>	15,129	<b>28,420</b>	18,919
	<b>1,157,456</b>	1,436,367	<b>3,996,622</b>	3,193,345

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

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<b><u>The Bank</u></b>	<b>Note</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	<b>A18</b>	<b>2,977,963</b>	2,988,675	<b>8,872,061</b>	8,671,699
Interest income from financial assets at fair value through profit or loss	<b>A19</b>	<b>193,409</b>	147,197	<b>550,365</b>	403,403
Interest expense	<b>A20</b>	<b>(1,763,539)</b>	(1,756,404)	<b>(5,416,125)</b>	(4,993,513)
Net interest income		<b>1,407,833</b>	1,379,468	<b>4,006,301</b>	4,081,589
Income from Islamic Banking operations	<b>A29(b)</b>	<b>42,632</b>	35,234	<b>115,008</b>	119,874
Net non-interest income	<b>A21</b>	<b>892,757</b>	699,417	<b>2,567,185</b>	1,840,976
Net income		<b>2,343,222</b>	2,114,119	<b>6,688,494</b>	6,042,439
Overheads	<b>A22</b>	<b>(1,462,177)</b>	(1,013,459)	<b>(3,926,904)</b>	(2,994,582)
Profit before expected credit losses		<b>881,045</b>	1,100,660	<b>2,761,590</b>	3,047,857
Expected credit losses on loans, advances and financing	<b>A23(a)</b>	<b>(116,181)</b>	(145,833)	<b>(205,481)</b>	(233,193)
Expected credit losses for commitments and contingencies (made)/written-back		<b>(23,464)</b>	8,037	<b>52,278</b>	20,251
Other expected credit losses written back/(made)	<b>A23(b)</b>	<b>10,605</b>	(91,886)	<b>11,415</b>	(96,323)
Profit before taxation		<b>752,005</b>	870,978	<b>2,619,802</b>	2,738,592
Taxation		<b>(156,217)</b>	(156,147)	<b>(552,807)</b>	(591,509)
Profit for the financial period		<b>595,788</b>	714,831	<b>2,066,995</b>	2,147,083
<b>Earnings per share - basic (sen)</b>	<b>B3</b>	<b>9.77</b>	12.41	<b>34.21</b>	38.21

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**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<u><b>The Bank</b></u>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	595,788	714,831	2,066,995	2,147,083
Other comprehensive income/(expense):				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	1,461	(785)	(1,839)	7,528
Equity instruments at fair value through other comprehensive income	(3,347)	(21,261)	(13,465)	(10,114)
- Net loss from change in fair value	(2,658)	(19,391)	(13,009)	(8,935)
- Income tax effects	39	(745)	258	(219)
- Currency translation difference	(728)	(1,125)	(714)	(960)
	<b>(1,886)</b>	<b>(22,046)</b>	<b>(15,304)</b>	<b>(2,586)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	34,766	62,584	248,575	(32,061)
- Net gain/(loss) from change in fair value	132,541	95,563	457,300	(3,865)
- Realised gain transferred to statement of income on disposal	(94,972)	(8,698)	(179,391)	(21,593)
- Changes in expected credit losses	2,841	(2,389)	4,870	(263)
- Income tax effects	(5,237)	(23,281)	(33,748)	(7,342)
- Currency translation difference	(407)	1,389	(456)	1,002
Net investment hedge	(25,197)	(125,014)	(40,507)	(64,843)
Cash flow hedge	(493)	(345)	(119)	(260)
- Net loss from change in fair value	(649)	(454)	(157)	(342)
- Income tax effects	156	109	38	82
Exchange fluctuation reserve	31,802	182,568	59,902	96,313
Deferred hedging cost	12,797	7,169	37,074	36,066
	<b>53,675</b>	<b>126,962</b>	<b>304,925</b>	<b>35,215</b>
Other comprehensive income for the financial period, net of tax	<b>51,789</b>	<b>104,916</b>	<b>289,621</b>	<b>32,629</b>
<b>Total comprehensive income for the financial period</b>	<b>647,577</b>	<b>819,747</b>	<b>2,356,616</b>	<b>2,179,712</b>

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

CIMB BANK BERHAD (13491-P)  
CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

The Group	Attributable to owners of the Parent																		
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve		Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	Total Equity RM'000
					debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000													
<b>At 1 January 2019</b>	<b>20,088,345</b>	<b>29,740</b>	<b>50,590</b>	<b>2,035,684</b>	<b>(149,868)</b>	<b>15,388</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>(1,207,792)</b>	<b>47,373</b>	<b>1,542,976</b>	<b>1,959</b>	<b>50,432</b>	<b>(10,536)</b>	<b>18,513,392</b>	<b>40,657,212</b>	<b>200,000</b>	<b>270,259</b>	<b>41,127,471</b>
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,112,372	3,112,372	-	10,630	3,123,002
Other comprehensive income/ expenses (net of tax)	-	-	-	548,125	336,294	(14,975)	-	-	(50,215)	38,801	-	(1,871)	465	(794)	-	855,830	-	17,790	873,620
- debt instruments at fair value through other comprehensive income	-	-	-	-	336,294	-	-	-	-	-	-	-	-	-	-	336,294	-	2,878	339,172
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(14,975)	-	-	-	-	-	-	-	-	-	(14,975)	-	142	(14,833)
- net investment hedge	-	-	-	-	-	-	-	-	(46,021)	-	-	-	-	-	-	(46,021)	-	-	(46,021)
- cash flow hedge	-	-	-	-	-	-	-	-	(4,194)	-	-	-	-	-	-	(4,194)	-	-	(4,194)
- currency translation difference	-	-	-	548,125	-	-	-	-	-	-	-	-	465	-	-	548,590	-	14,770	563,360
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(794)	-	(794)	-	-	(794)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(1,871)	-	-	-	(1,871)	-	-	(1,871)
- deferred hedging cost	-	-	-	-	-	-	-	-	-	38,801	-	-	-	-	-	38,801	-	-	38,801
Total comprehensive income/ (expenses) for the financial period	-	-	-	548,125	336,294	(14,975)	-	-	(50,215)	38,801	-	(1,871)	465	(794)	3,112,372	3,968,202	-	28,420	3,996,622
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	527,412	-	-	-	(527,412)	-	-	-	-
Transfer to statutory reserve	-	-	50	-	-	-	-	-	-	-	-	-	-	-	(50)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	38,280	-	-	38,280	-	-	38,280
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	73	-	-	-	-	-	-	-	-	(73)	-	-	-	-
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,863)	(1,135,863)	-	-	(1,135,863)
First interim dividend for the financial year ending 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,176,731)	(1,176,731)	-	-	(1,176,731)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769	-	-	664,769
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(39,719)	-	-	(39,719)	-	-	(39,719)
<b>At 30 September 2019</b>	<b>20,753,114</b>	<b>29,740</b>	<b>50,640</b>	<b>2,583,809</b>	<b>186,426</b>	<b>486</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>(1,258,007)</b>	<b>86,174</b>	<b>2,070,388</b>	<b>88</b>	<b>49,458</b>	<b>(11,330)</b>	<b>18,785,635</b>	<b>42,976,150</b>	<b>200,000</b>	<b>298,679</b>	<b>43,474,829</b>

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

CIMB BANK BERHAD (13491-P)  
CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

The Group	Attributable to owners of the Parent																			
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve Equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>At 1 January 2018</b>	17,610,939	29,740	49,941	1,776,264	-	-	500,464	(1,085,928)	735,457	(1,139,101)	-	1,500,556	-	43,638	(17,532)	17,643,982	37,648,420	200,000	256,511	38,104,931
Effect of adopting MFRS 9	-	-	-	-	(69,881)	(33,188)	(500,464)	-	-	-	55	11,092	(4,212)	-	-	(283,768)	(880,366)	-	(1,961)	(882,327)
<b>1 January 2018, as restated</b>	17,610,939	29,740	49,941	1,776,264	(69,881)	(33,188)	-	(1,085,928)	735,457	(1,139,101)	55	1,511,648	(4,212)	43,638	(17,532)	17,360,214	36,768,054	200,000	254,550	37,222,604
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,018,950	3,018,950	-	15,023	3,033,973
Other comprehensive income/ (expenses) (net of tax)	-	-	-	264,414	(71,912)	(12,005)	-	-	-	(69,388)	36,902	-	7,528	434	(497)	-	155,476	-	3,896	159,372
- debt instruments at fair value through other comprehensive income	-	-	-	-	(71,912)	-	-	-	-	-	-	-	-	-	-	-	(71,912)	-	(3,107)	(75,019)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(12,005)	-	-	-	-	-	-	-	-	-	-	(12,005)	-	(107)	(12,112)
- net investment hedge	-	-	-	-	-	-	-	-	-	(72,944)	-	-	-	-	-	-	(72,944)	-	-	(72,944)
- cash flow hedge	-	-	-	-	-	-	-	-	-	3,556	-	-	-	-	-	3,556	-	-	-	3,556
- currency translation difference	-	-	-	264,414	-	-	-	-	-	-	-	-	-	434	-	-	264,848	-	7,110	271,958
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(497)	-	(497)	-	-	(497)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	7,528	-	-	-	7,528	-	-	7,528
- deferred hedging cost	-	-	-	-	-	-	-	-	-	-	36,902	-	-	-	-	-	36,902	-	-	36,902
Total comprehensive income/ (expenses) for the financial period	-	-	-	264,414	(71,912)	(12,005)	-	-	-	(69,388)	36,902	-	7,528	434	(497)	3,018,950	3,174,426	-	18,919	3,193,345
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	55,566	-	-	-	(55,566)	-	-	-	-
Transfer to statutory reserve	-	-	643	-	-	-	-	-	-	-	-	-	-	-	-	(643)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	36,932	-	-	36,932	-	-	36,932
Second interim dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	-	(1,627,553)
First interim dividend for the financial year ending 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,140,574)	(1,140,574)	-	-	(1,140,574)
Issue of shares from rights issue	1,277,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,855	-	(1,140,574)	137,281
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,524)	-	-	(31,524)	-	-	(31,524)
<b>At 30 September 2018</b>	18,888,794	29,740	50,584	2,040,678	(141,793)	(45,193)	-	(1,085,928)	735,457	(1,208,489)	36,957	1,567,214	3,316	49,480	(18,029)	17,554,828	38,457,616	200,000	(867,105)	37,790,511

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

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<b>The Bank</b>	← Non-distributable								Distributable →						
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>At 1 January 2019</b>	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	1,197,301	1,959	45,100	12,380,511	200,000	33,625,881
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,066,995	-	2,066,995	
Other comprehensive income/ (expenses) (net of tax)	-	-	59,916	248,575	(13,465)	-	-	(40,626)	37,074	-	(1,839)	(14)	-	-	289,621
- debt instruments at fair value through other comprehensive income	-	-	-	248,575	-	-	-	-	-	-	-	-	-	-	248,575
- equity instruments at fair value through other comprehensive income	-	-	-	-	(13,465)	-	-	-	-	-	-	-	-	-	(13,465)
- net investment hedge	-	-	-	-	-	-	-	(40,507)	-	-	-	-	-	-	(40,507)
- cash flow hedge	-	-	-	-	-	-	-	(119)	-	-	-	-	-	-	(119)
- currency translation difference	-	-	59,916	-	-	-	-	-	-	-	-	(14)	-	-	59,902
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	(1,839)	-	-	-	-	(1,839)
- deferred hedging cost	-	-	-	-	-	-	-	37,074	-	-	-	-	-	-	37,074
Total comprehensive income/ (expenses) for the financial period	-	-	59,916	248,575	(13,465)	-	-	(40,626)	37,074	-	(1,839)	(14)	2,066,995	-	2,356,616
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	355,338	-	-	-	(355,338)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	33,247	-	-	-	33,247
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,863)	-	(1,135,863)
First interim dividend for the financial year ending 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	(1,176,731)	-	(1,176,731)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(35,896)	-	-	-	(35,896)
<b>At 30 September 2019</b>	<b>20,753,114</b>	<b>29,740</b>	<b>817,985</b>	<b>121,000</b>	<b>30,450</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(777,658)</b>	<b>83,642</b>	<b>1,552,639</b>	<b>120</b>	<b>42,437</b>	<b>11,779,574</b>	<b>200,000</b>	<b>34,332,023</b>

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



**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

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

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	The Group		The Bank	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Profit before taxation and zakat	4,018,029	3,850,630	2,619,802	2,738,592
Adjustments for non-operating and non-cash items	958,192	(141,130)	366,016	(673,855)
Operating profit before changes in working capital	4,976,221	3,709,500	2,985,818	2,064,737
Net changes in operating assets	<b>(31,282,261)</b>	(24,945,074)	<b>(13,667,230)</b>	(10,787,514)
Net changes in operating liabilities	<b>25,390,657</b>	25,699,382	<b>13,111,470</b>	11,904,946
	<b>(5,891,604)</b>	754,308	<b>(555,760)</b>	1,117,432
Cash flows (used in)/generated from operations	<b>(915,383)</b>	4,463,808	<b>2,430,058</b>	3,182,169
Taxation paid	<b>(546,934)</b>	(554,412)	<b>(362,921)</b>	(414,322)
Net cash flows (used in)/ generated from operating activities	<b>(1,462,317)</b>	3,909,396	<b>2,067,137</b>	2,767,847
Net cash flows generated from/(used in) investing activities	<b>756,379</b>	(3,670,951)	<b>(382,984)</b>	1,103,227
Net cash flows used in financing activities	<b>(1,581,883)</b>	(2,110,750)	<b>(638,822)</b>	(1,650,844)
Net (decrease)/increase in cash and cash equivalents	<b>(2,287,821)</b>	(1,872,305)	<b>1,045,331</b>	2,220,230
Effects of exchange rate changes	<b>494,945</b>	286,394	<b>212,031</b>	212,532
Cash and cash equivalents at the beginning of financial period	<b>28,593,411</b>	33,341,519	<b>17,428,021</b>	19,642,521
Cash and cash equivalents at end of financial period	<b>26,800,535</b>	31,755,608	<b>18,685,383</b>	22,075,283

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

## **PART A - EXPLANATORY NOTES**

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

The unaudited condensed interim financial statements for the financial period ended 30 September 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad’s Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group’s and the Bank’s audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2019:

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

The adoption of MFRS 16 has required additional disclosure of leases. Other than that, the adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank.

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

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

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

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

## **PART A - EXPLANATORY NOTES (CONTINUED)**

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

- a) On 19 March 2019, the Bank issued USD88 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.
- b) On 4 April 2019, the Bank, acting through its Hong Kong branch, issued HKD700 million in nominal value 1-year fixed rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.98% per annum payable annually, will mature on 4 April 2020 (subject to adjustment in accordance with the modified following business day convention).
- c) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, undertook a partial redemption of the Medium Term Note amounting to RM55.8 million.
- d) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM71.0 million.
- e) On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).
- f) On 7 May 2019 the Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.
- g) On 14 May 2019, the Bank has redeemed its HKD300 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.
- h) On 15 May 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The subordinated loan was issued as a single tranche at a fixed rate of 4.5% per annum with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval.
- i) On 18 May 2019, the Bank has redeemed its CNY130 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- j) On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai 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 ("BOT").
- k) On 8 July 2019, CIMB Thai exercised its option to early redeem the RM400 million Basel III compliant Tier 2 subordinated notes. This early redemption was approved by BOT on 10 May 2019, notification No. For Kor Kor 292/2562.
- l) On 12 July 2019, the Bank issued HKD200 million in nominal value of a 5-year fixed rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.
- m) On 20 July 2019, the Bank has redeemed its CNY130 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- n) On 8 August 2019, the Bank issued USD20 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.
- o) On 21 August 2019, the Bank has redeemed its HKD150 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.
- p) On 25 September 2019, the Bank has redeemed its AUD100 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- q) On 25 September 2019, CIMB Islamic Bank has redeemed in full, the first tranche of the Junior Sukuk of RM300 million on its first optional redemption date.
- r) On 25 September 2019, CIMB Islamic Bank issued RM800 million 10 years non-callable 5 years Tier-2 Junior Sukuk at 3.75% per annum, which was fully subscribed by CIMB Bank.
- s) On 25 September 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The subordinated loan was issued as a single tranche at a fixed rate of 4.0% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval.
- t) On 9 October 2019, the Bank issued USD680 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A4. DIVIDENDS PAID**

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

A first interim dividend of approximately 19.30 sen per share, on 6,097,099,686 ordinary shares, amounting to RM1,177 million in respect of the financial year ending 31 December 2019, which was approved by the Board of Directors on 31 July 2019, was paid on 19 September 2019.

### **A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no significant events that had occurred between 30 September 2019 and the date of this announcement, other than those disclosed under issuance and repayment of debts and equity securities.

## PART A - EXPLANATORY NOTES (CONTINUED)

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

As at 30 September 2019, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM482,000 and RM394,000 for the Group and RMNil and RM235,000 for the Bank. The 12-month expected credit losses written-back in the income statements of the Group and the Bank during the financial period amounting to RM938,000 and RM920,000 respectively (2018: expected credit losses made of RM506,000 and RM465,000 respectively).

### A7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	5,559,677	1,856,675	5,559,677	1,856,675
Cagamas bonds	553,802	626,157	543,752	626,157
Malaysian Government treasury bills	743,473	9,967	595,258	9,967
Bank Negara Malaysia Monetary Notes	6,413,118	738,413	6,213,543	738,413
Bankers' acceptance	-	102,325	-	102,325
Negotiable instruments of deposit	4,188,715	7,663,918	2,297,848	4,883,128
Other Government securities	5,870,576	4,527,434	2,067,204	1,983,517
Government Investment Issues	1,927,444	237,414	458,244	145,843
Other Government treasury bills	6,718,344	5,667,495	6,718,344	5,667,495
Promissory Notes	419,018	413,965	419,018	413,965
Commercial papers	544,430	1,139,868	395,499	1,130,265
	<u>32,938,597</u>	<u>22,983,631</u>	<u>25,268,387</u>	<u>17,557,750</u>
<b>Quoted securities:</b>				
<u>In Malaysia</u>				
Shares	588,913	340,868	588,913	340,868
<u>Outside Malaysia</u>				
Shares	256,707	57,011	256,707	57,011
	<u>845,620</u>	<u>397,879</u>	<u>845,620</u>	<u>397,879</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	850,400	815,780	837,377	803,515
Corporate bond and Sukuk	1,863,182	2,633,581	1,797,398	2,602,881
	<u>2,713,582</u>	<u>3,449,361</u>	<u>2,634,775</u>	<u>3,406,396</u>
<u>Outside Malaysia</u>				
Corporate bond	2,795,733	1,666,191	2,312,434	1,253,550
Private equity and unit trusts funds	316,326	398,925	316,326	398,925
	<u>3,112,059</u>	<u>2,065,116</u>	<u>2,628,760</u>	<u>1,652,475</u>
	<u>39,609,858</u>	<u>28,895,987</u>	<u>31,377,542</u>	<u>23,014,500</u>

### A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	373,557	748,002	373,557	742,940
Cagamas bonds	262,871	280,390	211,523	213,783
Khazanah bonds	-	41,185	-	41,185
Other government treasury bills	291,454	105,406	291,454	105,406
Other government securities	3,201,376	3,585,795	701,879	575,361
Negotiable instruments of deposit	387,484	448,425	387,484	448,425
Government investment issues	1,366,069	1,146,627	708,635	384,308
Commercial papers	156,281	24,271	57,557	-
	<u>6,039,092</u>	<u>6,380,101</u>	<u>2,732,089</u>	<u>2,511,408</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	15,337,237	13,286,077	12,571,516	11,460,564
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	6,145,156	6,733,899	3,963,666	3,419,430
Unit trust fund	1	1	-	-
	<u>6,145,157</u>	<u>6,733,900</u>	<u>3,963,666</u>	<u>3,419,430</u>
	<u>27,521,486</u>	<u>26,400,078</u>	<u>19,267,271</u>	<u>17,391,402</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>At 1 January 2019</b>	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transfer within stages:	115,197	(115,197)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(230)	230	-	-
<b>Total charge to Income Statement:</b>	<b>(107,474)</b>	<b>113,274</b>	<b>(550)</b>	<b>5,250</b>
New financial assets purchased	35,443	-	-	35,443
Financial assets that have been derecognised	(3,669)	-	-	(3,669)
Change in credit risk	(139,248)	113,274	(550)	(26,524)
Exchange fluctuation	74	(1)	-	73
<b>At 30 September 2019</b>	<b>25,679</b>	<b>-</b>	<b>29,756</b>	<b>55,435</b>

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

<b>The Bank</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>Total RM'000</b>
<b>At 1 January 2019</b>	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transfer within stages:	115,197	(115,197)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(230)	230	-	-
<b>Total charge to Income Statement:</b>	<b>(107,854)</b>	<b>113,274</b>	<b>(550)</b>	<b>4,870</b>
New financial assets purchased	27,997	-	-	27,997
Financial assets that have been derecognised	(3,056)	-	-	(3,056)
Change in credit risk	(132,795)	113,274	(550)	(20,071)
Exchange fluctuation	(14)	-	-	(14)
<b>At 30 September 2019</b>	<b>22,803</b>	<b>-</b>	<b>29,756</b>	<b>52,559</b>

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



**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	30,306	30,306
Other changes in debt instruments	(550)	(550)
At 30 September 2019	<u>29,756</u>	<u>29,756</u>

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	2,506	2,349	61	58
Unit trusts	6,382	5,376	-	-
	<u>8,888</u>	<u>7,725</u>	<u>61</u>	<u>58</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	252,924	253,880	252,287	253,244
Perpetual corporate bonds	177,139	177,034	177,139	177,034
	<u>430,063</u>	<u>430,914</u>	<u>429,426</u>	<u>430,278</u>
<u>Outside Malaysia</u>				
Shares	6,408	6,175	2,383	2,383
Private equity and unit trusts funds	80,403	98,880	80,403	98,880
	<u>86,811</u>	<u>105,055</u>	<u>82,786</u>	<u>101,263</u>
	<u>525,762</u>	<u>543,694</u>	<u>512,273</u>	<u>531,599</u>

**A10. DEBT INSTRUMENTS AT AMORTISED COST**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government securities	3,659,301	3,183,451	3,559,103	3,082,110
Cagamas bonds	248,738	242,008	187,464	201,682
Other Government treasury bills	1,054,604	2,263,502	1,054,604	2,263,502
Other Government's securities	1,854,835	1,736,645	427,399	517,584
Malaysian Government Investment Issue	8,614,244	8,492,547	5,679,636	6,332,666
Khazanah bonds	312,269	364,199	312,269	364,199
Commercial papers	60,146	-	30,038	-
	<u>15,804,137</u>	<u>16,282,352</u>	<u>11,250,513</u>	<u>12,761,743</u>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	-	9,627	-	-
	<u>-</u>	<u>9,627</u>	<u>-</u>	<u>-</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	17,893,396	16,865,347	14,114,288	12,920,066
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,489,883	2,657,619	2,602,737	2,113,380
	<u>20,383,279</u>	<u>19,522,966</u>	<u>16,717,025</u>	<u>15,033,446</u>
Amortisation of premium net of accretion of discount	90,338	83,515	87,392	88,358
Less : Expected credit losses	(82,522)	(113,990)	(91,273)	(109,806)
	<u>36,195,232</u>	<u>35,784,470</u>	<u>27,963,657</u>	<u>27,773,741</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)**

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

<b>The Group</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>Total RM'000</b>
<b>At 1 January 2019</b>	6,658	100,148	7,184	113,990
Changes in expected credit losses due to transfer within stages:	72,604	(72,604)	-	-
Transferred to Stage 1	72,652	(72,652)	-	-
Transferred to Stage 2	(48)	48	-	-
<b>Total charge to Income Statement:</b>	(67,600)	36,111	-	(31,489)
New financial assets purchased	3,537	-	-	3,537
Financial assets that have been derecognised	(24)	-	-	(24)
Change in credit risk	(71,113)	36,111	-	(35,002)
Exchange fluctuation	9	-	12	21
<b>At 30 September 2019</b>	<b>11,671</b>	<b>63,655</b>	<b>7,196</b>	<b>82,522</b>

<b>The Group</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>Total RM'000</b>
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	9,603	9,876	7,180	26,659
<b>Adjusted 1 January 2018</b>	9,603	9,876	7,180	26,659
Changes in expected credit losses due to transfer within stages:	(2,921)	2,921	-	-
Transferred to Stage 2	(2,921)	2,921	-	-
<b>Total charge to Income Statement:</b>	(17)	87,351	-	87,334
New financial assets purchased	6,551	-	-	6,551
Financial assets that have been derecognised	(186)	(11,673)	-	(11,859)
Change in credit risk	(6,382)	99,024	-	92,642
Exchange fluctuation	(7)	-	4	(3)
<b>At 31 December 2018</b>	<b>6,658</b>	<b>100,148</b>	<b>7,184</b>	<b>113,990</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 2019</b>	7,184	7,184
Exchange fluctuation	12	12
<b>At 30 September 2019</b>	<b>7,196</b>	<b>7,196</b>

<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 adoption of MFRS 9	7,180	7,180
<b>Adjusted 1 January 2018</b>	7,180	7,180
Exchange fluctuation	4	4
<b>At 31 December 2018</b>	<b>7,184</b>	<b>7,184</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)**

Expected credit losses movement for debt instruments at amortised cost:

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019</b>	9,658	100,148	-	109,806
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
<b>Total charge to Income Statement:</b>	(54,651)	36,111	-	(18,540)
New financial assets purchased	16,007	-	-	16,007
Financial assets that have been derecognised	(19)	-	-	(19)
Change in credit risk	(70,639)	36,111	-	(34,528)
Exchange fluctuation	7	-	-	7
<b>At 30 September 2019</b>	<b>27,618</b>	<b>63,655</b>	<b>-</b>	<b>91,273</b>

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>(i) By type of financing</b>				
<i>At amortised cost</i>				
Overdrafts	5,282,625	5,239,491	3,159,215	3,373,704
Term loans/financing				
- Housing loan/financing	94,017,953	87,236,765	60,759,645	58,990,334
- Syndicated term loan	14,842,193	17,141,144	13,105,838	15,112,637
- Other term loans/financing	113,531,602	107,298,306	63,287,763	61,858,970
- Factoring receivables	5,625	12,898	-	-
- Lease receivables	2,134	14,382	-	-
- Hire purchase receivables	21,346,625	19,656,618	7,067,873	7,718,440
Bills receivable	8,248,174	8,073,247	4,901,062	4,498,553
Trust receipts	2,142,711	1,981,916	1,165,971	962,837
Claim on customers under acceptance credit	4,080,163	3,927,566	3,046,479	2,811,046
Staff loans *	1,183,413	1,137,639	879,406	873,783
Credit card receivables	6,764,237	7,002,267	6,615,079	6,854,171
Revolving credit	28,857,159	29,260,753	23,019,401	22,380,454
Share margin financing	87,218	715,119	87,178	714,912
Gross loans, advances and financing, at amortised cost	<b>300,391,832</b>	288,698,111	<b>187,094,910</b>	186,149,841
Fair value changes arising from fair value hedges	16,474	30,104	(506)	(2,629)
	<b>300,408,306</b>	288,728,215	<b>187,094,404</b>	186,147,212
Less: Expected credit losses	(4,874,433)	(5,062,405)	(3,243,647)	(3,402,511)
Net loans, advances and financing at amortised cost	<b>295,533,873</b>	283,665,810	<b>183,850,757</b>	182,744,701
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	1,514,745	803,501	1,313,869	311,935
- Other term loans/financing	-	180	-	180
	<b>1,514,745</b>	803,681	<b>1,313,869</b>	312,115
Total net loans, advances and financing	<b>297,048,618</b>	284,469,491	<b>185,164,626</b>	183,056,816
<b>Total gross loans, advances and financing</b>				
- At amortised cost	<b>300,391,832</b>	288,698,111	<b>187,094,910</b>	186,149,841
- At fair value through profit or loss	<b>1,514,745</b>	803,681	<b>1,313,869</b>	312,115
	<b>301,906,577</b>	289,501,792	<b>188,408,779</b>	186,461,956

\* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM4,694,933 (2018: RM6,367,622) and RM2,781,846 (2018: RM3,193,193) respectively.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM28,668,000 (2018: RM34,633,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM2,090,810,000 (2018: RM3,492,615,000) and RM91,089,000 (2018: RM108,609,000) respectively, using interest rate swaps.

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

As at 30 September 2019, the gross exposure and 12-months expected credit losses relating to RPSIA financing are RM6,054,940,000 (2018: RM6,907,549,000) and RM69,041,000 (2018: RM25,658,000) respectively.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revolving credit	-	1,501,107	-	1,501,107
Other term loan	<b>5,678,631</b>	4,029,891	<b>5,678,631</b>	4,029,891
	<b>5,678,631</b>	5,530,998	<b>5,678,631</b>	5,530,998

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>(ii) By type of customers</b>				
Domestic banking institutions	17,000	11,488	9,185	1,902
Domestic non-bank financial institutions				
- stockbroking companies	11,137	162	11,137	162
- others	4,369,039	4,149,906	806,544	874,153
Domestic business enterprises				
- small medium enterprises	34,050,551	30,885,594	20,802,994	18,891,350
- others	43,974,049	43,578,110	23,139,589	22,780,722
Government and statutory bodies	8,319,047	10,188,407	4,506,789	4,871,089
Individuals	168,606,863	158,787,169	98,403,879	98,614,192
Other domestic entities	1,078,875	1,349,106	166,796	791,869
Foreign entities	41,480,016	40,551,850	40,561,866	39,636,517
Gross loans, advances and financing	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>
<b>(iii) By interest rate sensitivity</b>				
Fixed rate				
- Housing loans/ financing	2,269,484	2,780,262	992,252	1,648,905
- Hire purchase receivables	16,767,757	14,158,936	3,824,445	3,721,651
- Other fixed rate loans	27,783,862	28,276,568	17,048,138	16,508,430
Variable rate				
- BLR plus	87,795,398	92,036,504	67,150,630	72,506,407
- Cost-plus	54,837,954	53,788,742	38,498,343	36,243,254
- Other variable rates	112,452,122	98,460,780	60,894,971	55,833,309
Gross loans, advances and financing	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>
<b>(iv) By economic purpose</b>				
Personal use	14,005,985	12,694,905	9,005,167	7,764,931
Credit cards	6,764,237	7,002,267	6,615,079	6,854,171
Purchase of consumer durables	83,550	79,553	56,563	63,042
Construction	10,998,799	11,919,288	6,621,729	6,649,710
Residential property (housing)	95,732,143	89,943,811	61,585,311	61,004,546
Non-residential property	28,944,162	27,470,562	22,310,130	21,785,387
Purchase of fixed assets other than land and buildings	3,083,369	2,405,827	2,533,769	1,914,781
Mergers and acquisitions	2,856,485	2,648,296	2,829,823	2,626,781
Purchase of securities	26,764,693	25,756,162	12,518,705	13,607,530
Purchase of transport vehicles	21,640,697	20,107,369	7,138,511	7,828,697
Working capital	59,865,621	61,036,920	37,479,825	38,368,668
Other purposes	31,166,836	28,436,832	19,714,167	17,993,712
Gross loans, advances and financing	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>(v) By geographical distribution</b>				
Malaysia	214,301,366	207,576,325	137,047,269	136,235,153
Indonesia	2,470,609	2,743,431	2,470,609	2,743,431
Thailand	36,868,738	30,773,434	3,910,783	1,868,648
Singapore	28,668,492	29,223,364	28,668,492	29,223,364
United Kingdom	4,260,938	4,852,136	4,193,275	4,852,136
Hong Kong	1,760,322	2,276,308	1,760,322	2,276,308
China	3,352,854	3,683,515	3,352,854	3,683,515
Other countries	10,223,258	8,373,279	7,005,175	5,579,401
Gross loans, advances and financing	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>
<b>(vi) By economic sector</b>				
Primary agriculture	8,431,319	7,814,502	5,548,292	5,451,108
Mining and quarrying	5,563,645	6,393,868	3,560,017	4,100,435
Manufacturing	15,799,836	13,123,785	9,412,315	6,910,656
Electricity, gas and water supply	3,955,061	3,835,856	2,225,963	2,124,389
Construction	10,930,257	12,611,880	8,929,663	9,741,153
Transport, storage and communications	9,105,971	10,353,540	4,519,193	6,123,614
Education, health and others	14,439,810	13,977,810	9,245,271	7,356,896
Wholesale and retail trade, and restaurants and hotels	22,772,470	21,253,884	15,393,967	14,923,282
Finance, insurance/takaful, real estate and business activities	39,501,482	38,082,448	27,503,410	27,070,052
Household	168,871,445	159,714,098	99,838,607	100,540,121
Others	2,535,281	2,340,121	2,232,081	2,120,250
	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>
<b>(vii) By residual contractual maturity</b>				
Within one year	67,522,091	72,604,389	47,206,487	53,361,340
One year to less than three years	23,023,755	19,028,312	17,424,026	10,687,324
Three years to less than five years	27,048,356	24,846,353	17,320,516	16,150,834
Five years and more	184,312,375	173,022,738	106,457,750	106,262,458
Gross loans, advances and financing	<u>301,906,577</u>	<u>289,501,792</u>	<u>188,408,779</u>	<u>186,461,956</u>



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>(viii) Credit impaired loans, advances and financing by economic purpose</b>				
Personal use	264,287	203,341	160,360	108,728
Credit cards	111,672	107,599	109,505	104,838
Purchase of consumer durables	506	715	414	379
Construction	1,356,581	1,363,018	1,160,996	1,137,777
Residential property (housing)	1,547,925	1,243,435	879,753	752,022
Non-residential property	430,038	299,477	294,677	238,450
Purchase of fixed assets other than land and buildings	30,292	27,185	27,640	27,110
Purchase of securities	128,918	136,610	127,875	135,125
Purchase of transport vehicles	223,943	214,068	91,327	104,790
Working capital	2,659,537	1,931,637	1,539,192	1,455,870
Merger and acquisition	50,666	51,242	50,666	51,242
Other purposes	876,433	738,825	58,989	18,220
Gross credit impaired loans, advances and financing	<b>7,680,798</b>	<b>6,317,152</b>	<b>4,501,394</b>	<b>4,134,551</b>
<b>(ix) Credit impaired loans, advances and financing by geographical distribution</b>				
Malaysia	4,628,998	3,533,099	3,272,492	3,093,066
Indonesia	163,499	160,389	163,499	160,389
Thailand	1,768,703	1,669,515	-	-
Singapore	883,834	676,323	883,834	676,323
United Kingdom	8,683	8,462	8,683	8,462
China	9,458	16,051	9,458	16,051
Other countries	217,623	253,313	163,428	180,260
Gross credit impaired loans, advances and financing	<b>7,680,798</b>	<b>6,317,152</b>	<b>4,501,394</b>	<b>4,134,551</b>
<b>(x) Credit impaired loans, advances and financing by economic sector</b>				
Primary agriculture	120,886	59,599	56,727	52,576
Mining and quarrying	876,978	1,005,998	874,093	1,003,220
Manufacturing	1,427,359	795,068	156,623	162,985
Electricity, gas and water supply	264,475	22,895	246,382	726
Construction	153,635	175,409	136,164	140,463
Transport, storage and communications	1,140,729	1,117,145	1,082,747	1,054,174
Education, health and others	165,762	174,597	96,113	100,631
Wholesale and retail trade, and restaurants and hotels	709,244	615,999	252,685	230,463
Finance, insurance/takaful, real estate and business activities	541,201	481,067	255,630	239,652
Household	2,276,140	1,861,832	1,339,841	1,142,120
Others	4,389	7,543	4,389	7,541
Gross credit impaired loans, advances and financing	<b>7,680,798</b>	<b>6,317,152</b>	<b>4,501,394</b>	<b>4,134,551</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	<b>1,216,093</b>	<b>659,780</b>	<b>3,183,980</b>	<b>2,552</b>	<b>5,062,405</b>
Changes in expected credit losses due to transfer within stages:	<b>581,641</b>	<b>(362,941)</b>	<b>(218,700)</b>	-	-
Transferred to Stage 1	829,951	(682,706)	(147,245)	-	-
Transferred to Stage 2	(246,554)	551,002	(304,448)	-	-
Transferred to Stage 3	(1,756)	(231,237)	232,993	-	-
<b>Total charge to Income Statement:</b>	<b>(767,015)</b>	<b>399,546</b>	<b>1,012,523</b>	-	<b>645,054</b>
New financial assets originated	511,785	16,200	68,246	-	596,231
Financial assets that have been derecognised	(306,090)	(55,995)	-	-	(362,085)
Writeback in respect of full recoveries	-	-	(128,665)	-	(128,665)
Change in credit risk	(972,710)	439,341	1,072,942	-	539,573
Write-offs	(554)	(62)	(893,041)	-	(893,657)
Exchange fluctuation	17,310	9,055	69,035	192	95,592
Other movements	2,310	1,661	(38,932)	-	(34,961)
<b>At 30 September 2019</b>	<b>1,049,785</b>	<b>707,039</b>	<b>3,114,865</b>	<b>2,744</b>	<b>4,874,433</b>

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019</b>	759,401	443,493	2,199,617	3,402,511
Changes in expected credit losses due to transfer within stages:	366,637	(243,311)	(123,326)	-
Transferred to Stage 1	480,729	(399,490)	(81,239)	-
Transferred to Stage 2	(113,269)	300,117	(186,848)	-
Transferred to Stage 3	(823)	(143,938)	144,761	-
<b>Total charge to Income Statement:</b>	<b>(500,058)</b>	<b>251,310</b>	<b>584,913</b>	<b>336,165</b>
New financial assets originated	326,203	5,476	3,435	335,114
Financial assets that have been derecognised	(175,360)	(26,323)	-	(201,683)
Writeback in respect of full recoveries	-	-	(18,290)	(18,290)
Change in credit risk	(650,901)	272,157	599,768	221,024
Write-offs	(74)	(6)	(555,996)	(556,076)
Exchange fluctuation	38	(109)	17	(54)
Other movements	3,335	1,661	56,105	61,101
<b>At 30 September 2019</b>	<b>629,279</b>	<b>453,038</b>	<b>2,161,330</b>	<b>3,243,647</b>

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3)</b>	<b>Individual impairment provision under MFRS 139</b>	<b>Portfolio impairment provision under MFRS 139</b>	<b>Total</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>At 1 January 2018</b>	-	-	-	1,643,137	974,541	2,617,678
Effect of adopting MFRS 9	702,566	478,824	2,239,192	(1,643,137)	(974,541)	802,904
<b>Adjusted 1 January 2018</b>	702,566	478,824	2,239,192	-	-	3,420,582
Changes in expected credit losses due to transfer within stages:	630,749	(496,364)	(134,385)	-	-	-
Transferred to Stage 1	883,127	(683,135)	(199,992)	-	-	-
Transferred to Stage 2	(202,020)	449,963	(247,943)	-	-	-
Transferred to Stage 3	(50,358)	(263,192)	313,550	-	-	-
<b>Total charge to Income Statement:</b>	<b>(573,492)</b>	<b>455,651</b>	<b>638,798</b>	<b>-</b>	<b>-</b>	<b>520,957</b>
New financial assets originated	339,194	1,228	24,879	-	-	365,301
Financial assets that have been derecognised	(251,885)	(66,123)	-	-	-	(318,008)
Writeback in respect of full recoveries	-	-	(37,808)	-	-	(37,808)
Change in credit risk	(660,801)	520,546	651,727	-	-	511,472
Write-offs	(706)	(99)	(581,855)	-	-	(582,660)
Exchange fluctuation	1,208	206	2,264	-	-	3,678
Transfer from related companies	49	51	792	-	-	892
Other movements	(973)	5,224	34,811	-	-	39,062
<b>At 31 December 2018</b>	<b>759,401</b>	<b>443,493</b>	<b>2,199,617</b>	<b>-</b>	<b>-</b>	<b>3,402,511</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
<b>At 1 January 2019</b>	6,309,599	7,553	6,317,152
Transfer within stages	1,918,534	-	1,918,534
New financial assets originated	964,671	-	964,671
Write-offs	(893,041)	-	(893,041)
Amount fully recovered	(425,279)	-	(425,279)
Other changes in loans, advances and financing	(344,539)	(102)	(344,641)
Exchange fluctuation	142,833	569	143,402
<b>At 30 September 2019</b>	<b>7,672,778</b>	<b>8,020</b>	<b>7,680,798</b>

	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>	-	-	6,188,099	6,188,099
Effect of adopting MFRS 9	6,301,507	9,431	(6,188,099)	122,839
<b>Adjusted 1 January 2018</b>	6,301,507	9,431	-	6,310,938
Transfer within stages	1,976,739	-	-	1,976,739
New financial assets originated	126,638	-	-	126,638
Write-offs	(1,005,614)	(2,011)	-	(1,007,625)
Amount fully recovered	(303,418)	-	-	(303,418)
Other changes in loans, advances and financing	(846,489)	(101)	-	(846,590)
Transfer from (to) related companies	2,788	-	-	2,788
Exchange fluctuation	57,448	234	-	57,682
<b>At 31 December 2018</b>	<b>6,309,599</b>	<b>7,553</b>	<b>-</b>	<b>6,317,152</b>

	The Group	
	30 Sept 2019	31 Dec 2018
Ratio of credit impaired loans to total loans, advances and financing	<b>2.54%</b>	2.18%

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

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

	<b>The Bank</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2019</b>	<b>4,134,551</b>	<b>4,134,551</b>
Transfer within stages	1,014,978	1,014,978
New financial assets originated	22,739	22,739
Write-offs	(555,996)	(555,996)
Amount fully recovered	(68,775)	(68,775)
Other changes in loans, advances and financing	(58,497)	(58,497)
Exchange fluctuation	12,394	12,394
<b>At 30 September 2019</b>	<b>4,501,394</b>	<b>4,501,394</b>

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

	<b>The Bank</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
Ratio of credit impaired loans to total loans, advances and financing	<b>2.39%</b>	2.22%

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A12. OTHER ASSETS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreclosed assets	122,666	108,874	-	-
Structured financing	1,048,581	1,187,605	1,048,581	1,187,605
Collateral pledged for derivative transactions	3,907,795	2,656,412	1,781,903	2,023,495
Other debtors, deposits and prepayments	6,294,884	4,174,484	5,839,365	3,441,709
	<b>11,373,926</b>	<b>8,127,375</b>	<b>8,669,849</b>	<b>6,652,809</b>

### **A13. DEPOSITS FROM CUSTOMERS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit</b>				
Demand deposits	72,084,144	66,259,516	53,491,617	52,910,611
Saving deposits	32,672,651	29,110,587	20,580,471	18,977,167
Fixed deposits	153,645,362	142,848,736	102,448,471	102,728,543
Negotiable instruments of deposit	115,586	364,258	50,262	-
Others	75,808,530	80,659,792	44,055,199	42,956,391
	<b>334,326,273</b>	<b>319,242,889</b>	<b>220,626,020</b>	<b>217,572,712</b>
<b>(ii) By type of customer</b>				
Government and statutory bodies	14,697,112	10,536,300	7,116,404	6,464,822
Business enterprises	118,168,180	124,783,764	83,774,842	84,977,377
Individuals	139,404,775	128,220,755	89,174,617	91,490,240
Others	62,056,206	55,702,070	40,560,157	34,640,273
	<b>334,326,273</b>	<b>319,242,889</b>	<b>220,626,020</b>	<b>217,572,712</b>
<b>(iii) Maturity structure of fixed deposits and negotiable instruments of deposit</b>				
Due within six months	116,699,491	111,662,573	80,084,102	80,778,463
Six months to less than one year	33,165,030	29,451,170	20,554,498	21,210,128
One year to less than three years	3,783,262	1,982,700	1,786,909	658,519
Three years to less than five years	111,722	116,486	71,782	81,433
Five years and more	1,443	65	1,442	-
	<b>153,760,948</b>	<b>143,212,994</b>	<b>102,498,733</b>	<b>102,728,543</b>

### **A14. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unrestricted investment accounts	1,779,612	1,769,270	-	-

## PART A - EXPLANATORY NOTES (CONTINUED)

### A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Licensed banks	24,048,599	16,325,226	24,348,113	16,937,369
Licensed finance companies	843,427	993,543	88,111	98,996
Licensed investment banks	463,692	211,519	463,692	182,086
Bank Negara Malaysia	6,223	292	6,223	292
Other financial institutions	1,116,890	1,777,276	833,605	557,548
	<b>26,478,831</b>	<b>19,307,856</b>	<b>25,739,744</b>	<b>17,776,291</b>

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

	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Due within six months	26,001,133	18,575,404	25,407,312	17,310,411
Six months to less than one year	352,432	632,048	231,545	365,476
One year to less than three years	125,266	100,404	100,887	100,404
	<b>26,478,831</b>	<b>19,307,856</b>	<b>25,739,744</b>	<b>17,776,291</b>

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Deposits from customers - structured investments	416,689	1,355,488	287,880	1,333,570
Debentures	691,557	1,873,520	-	-
Bills payable	3,336,818	2,651,699	-	-
	<b>4,445,064</b>	<b>5,880,707</b>	<b>287,880</b>	<b>1,333,570</b>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 September 2019 were RM54,453,000 (2018: RM147,262,000) and RM52,496,000 (2018: RM146,027,000) respectively lower than the contractual amount at maturity for the structured investments, RM2,709,000 higher (2018: RM31,214,000 lower) than the contractual amount at maturity for the debentures and RM443,367,000 (2018: RM377,634,000) higher than the contractual amount at maturity for bills payable.

### A17. OTHER LIABILITIES

	Note	The Group		The Bank	
		30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Due to brokers and clients		89,175	74,612	89,175	74,612
Accrued employee benefits		18,286	17,272	18,016	16,988
Post employment benefit obligations		255,862	218,692	34,854	36,202
Sundry creditors		1,879,583	494,341	1,524,881	418,284
Expenditure payable		1,509,631	1,396,403	1,207,499	1,088,103
Collateral for securities lending		-	85,213	-	85,213
Expected credit losses for loan commitments and financial guarantee contracts	A17(a)	381,213	466,067	247,327	299,628
Provision for legal claims		61,760	60,052	40,348	39,958
Credit card expenditure payable		127,865	119,226	121,158	113,060
Collateral received for derivative transactions		1,973,735	1,307,759	868,728	1,186,575
Structured deposits		3,801,848	4,190,189	3,755,226	4,156,011
Others		450,589	691,836	252,905	440,012
		<b>10,549,547</b>	<b>9,121,662</b>	<b>8,160,117</b>	<b>7,954,646</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A17. OTHER LIABILITIES (CONTINUED)**

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

<b>The Group</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>Total RM'000</b>
<b>At 1 January 2019</b>	<b>304,736</b>	<b>57,189</b>	<b>104,142</b>	<b>466,067</b>
Changes in expected credit losses due to transfer within stages:	<b>83,378</b>	<b>(80,311)</b>	<b>(3,067)</b>	<b>-</b>
Transferred to Stage 1	<b>99,424</b>	<b>(88,212)</b>	<b>(11,212)</b>	<b>-</b>
Transferred to Stage 2	<b>(8,572)</b>	<b>16,172</b>	<b>(7,600)</b>	<b>-</b>
Transferred to Stage 3	<b>(7,474)</b>	<b>(8,271)</b>	<b>15,745</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(173,303)</b>	<b>69,208</b>	<b>13,163</b>	<b>(90,932)</b>
New exposures	<b>100,955</b>	<b>3,967</b>	<b>2,289</b>	<b>107,211</b>
Exposures derecognised or matured	<b>(34,908)</b>	<b>(2,376)</b>	<b>(19,468)</b>	<b>(56,752)</b>
Change in credit risk	<b>(239,350)</b>	<b>67,617</b>	<b>30,342</b>	<b>(141,391)</b>
Exchange fluctuation	<b>603</b>	<b>550</b>	<b>4,877</b>	<b>6,030</b>
Other movements	<b>(331)</b>	<b>259</b>	<b>120</b>	<b>48</b>
<b>At 30 September 2019</b>	<b>215,083</b>	<b>46,895</b>	<b>119,235</b>	<b>381,213</b>

<b>The Group</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>Individual impairment provision under MFRS 139 RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,095</b>	<b>49,095</b>
Effect of adopting MFRS 9	<b>301,156</b>	<b>36,406</b>	<b>104,136</b>	<b>(49,095)</b>	<b>392,603</b>
<b>Adjusted 1 January 2018</b>	<b>301,156</b>	<b>36,406</b>	<b>104,136</b>	<b>-</b>	<b>441,698</b>
Changes in expected credit losses due to transfer within stages:	<b>119,855</b>	<b>(97,530)</b>	<b>(22,325)</b>	<b>-</b>	<b>-</b>
Transferred to Stage 1	<b>131,792</b>	<b>(109,522)</b>	<b>(22,270)</b>	<b>-</b>	<b>-</b>
Transferred to Stage 2	<b>(11,594)</b>	<b>19,166</b>	<b>(7,572)</b>	<b>-</b>	<b>-</b>
Transferred to Stage 3	<b>(343)</b>	<b>(7,174)</b>	<b>7,517</b>	<b>-</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(116,683)</b>	<b>117,962</b>	<b>20,534</b>	<b>-</b>	<b>21,813</b>
New exposures	<b>127,526</b>	<b>1,355</b>	<b>1,128</b>	<b>-</b>	<b>130,009</b>
Exposures derecognised or matured	<b>(61,575)</b>	<b>(7,250)</b>	<b>(8,446)</b>	<b>-</b>	<b>(77,271)</b>
Change in credit risk	<b>(182,634)</b>	<b>123,857</b>	<b>27,852</b>	<b>-</b>	<b>(30,925)</b>
Exchange fluctuation	<b>504</b>	<b>79</b>	<b>1,712</b>	<b>-</b>	<b>2,295</b>
Other movements	<b>(96)</b>	<b>272</b>	<b>85</b>	<b>-</b>	<b>261</b>
<b>At 31 December 2018</b>	<b>304,736</b>	<b>57,189</b>	<b>104,142</b>	<b>-</b>	<b>466,067</b>



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A17. OTHER LIABILITIES (CONTINUED)**

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

<b>The Bank</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>Total RM'000</b>
<b>At 1 January 2019</b>	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transfer within stages:	58,310	(57,940)	(370)	-
Transferred to Stage 1	72,874	(64,998)	(7,876)	-
Transferred to Stage 2	(7,255)	13,501	(6,246)	-
Transferred to Stage 3	(7,309)	(6,443)	13,752	-
<b>Total charge to Income Statement:</b>	(111,472)	45,510	13,684	(52,278)
New exposures	46,762	47	-	46,809
Exposures derecognised or matured	(25,664)	(1,736)	395	(27,005)
Change in credit risk	(132,570)	47,199	13,289	(72,082)
Exchange fluctuation	15	(5)	-	10
Other movements	-	(33)	-	(33)
<b>At 30 September 2019</b>	<b>166,857</b>	<b>37,843</b>	<b>42,627</b>	<b>247,327</b>

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

As at 30 September 2019, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM175,553,000 (2018: RM167,012,000) and RM100,831,000 (2018: RM90,472,000) respectively.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A18. INTEREST INCOME**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Group</b>				
Loans and advances				
- interest income	2,728,840	2,665,741	8,069,942	7,748,788
- unwinding income <sup>^</sup>	38,088	26,070	88,198	79,906
Money at call and deposits with financial institutions	163,328	170,993	501,018	492,669
Reverse repurchase agreements	76,242	46,890	225,031	112,121
Debt instruments at fair value through other comprehensive income	204,765	195,225	631,837	581,452
Debt instruments at amortised cost	277,453	282,377	816,549	824,599
Equity instruments at fair value through other comprehensive income	2,911	5,173	8,664	17,183
	<u>3,491,627</u>	<u>3,392,469</u>	<u>10,341,239</u>	<u>9,856,718</u>
Net accretion of discount less amortisation of premium	1,462	4,286	9,838	76
	<u>3,493,089</u>	<u>3,396,755</u>	<u>10,351,077</u>	<u>9,856,794</u>
<b>The Bank</b>				
Loans and advances				
- interest income	2,183,843	2,204,592	6,506,149	6,407,242
- unwinding income <sup>^</sup>	33,275	19,310	73,765	59,886
Money at call and deposits with financial institutions	218,213	256,642	689,230	731,747
Reverse repurchase agreements	75,693	45,488	222,991	105,011
Debt instruments at fair value through other comprehensive income	181,932	172,722	547,735	525,387
Debt instruments at amortised cost	280,420	278,278	813,459	814,097
Equity instruments at fair value through other comprehensive income	2,911	5,173	8,664	17,183
	<u>2,976,287</u>	<u>2,982,205</u>	<u>8,861,993</u>	<u>8,660,553</u>
Net accretion of discount less amortisation of premium	1,676	6,470	10,068	11,146
	<u>2,977,963</u>	<u>2,988,675</u>	<u>8,872,061</u>	<u>8,671,699</u>

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

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Group</b>				
Loans and advances at fair value through profit or loss	29,813	-	33,255	-
Financial assets at fair value through profit or loss	140,616	129,654	464,014	361,971
Reverse repurchase agreements at fair value through profit or loss	-	4,692	4,540	11,627
	<u>170,429</u>	<u>134,346</u>	<u>501,809</u>	<u>373,598</u>
Net accretion of discount less amortisation of premium	47,509	33,409	127,861	75,997
	<u>217,938</u>	<u>167,755</u>	<u>629,670</u>	<u>449,595</u>
<b>The Bank</b>				
Loans and advances at fair value through profit or loss	29,813	-	33,255	-
Financial assets at fair value through profit or loss	111,027	108,369	375,047	311,811
Reverse repurchase agreements at fair value through profit or loss	-	4,692	4,540	11,627
	<u>140,840</u>	<u>113,061</u>	<u>412,842</u>	<u>323,438</u>
Net accretion of discount less amortisation of premium	52,569	34,136	137,523	79,965
	<u>193,409</u>	<u>147,197</u>	<u>550,365</u>	<u>403,403</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A20. INTEREST EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	148,608	128,315	396,872	316,783
Deposits from other customers	1,315,193	1,249,307	4,044,134	3,639,173
Repurchase agreements	66,640	77,398	230,501	192,329
Financial liabilities designated at fair value through profit or loss	26,796	31,381	89,770	93,361
Negotiable certificates of deposits	29,093	32,709	81,226	79,212
Recourse obligation on loan and financing sold to Cagamas	29,439	36,434	94,716	99,010
Bonds, Sukuk and debentures	117,427	115,933	346,349	323,183
Subordinated obligations	127,763	140,153	399,701	403,365
Other borrowings	39,327	41,338	125,149	106,032
Structured deposits	21,857	28,262	79,014	78,846
Lease liabilities	6,929	-	21,568	-
Others	4,551	3,412	12,942	9,925
	<b>1,933,623</b>	<b>1,884,642</b>	<b>5,921,942</b>	<b>5,341,219</b>
<b>The Bank</b>				
Deposits and placements of banks and other financial institutions	137,518	120,233	366,306	297,750
Deposits from other customers	1,201,325	1,164,679	3,729,724	3,400,979
Repurchase agreements	53,001	70,735	174,160	182,642
Financial liabilities designated at fair value through profit or loss	5,818	16,176	27,469	55,858
Negotiable certificates of deposits	28,694	31,707	79,685	76,425
Recourse obligation on loan and financing sold to Cagamas	29,439	36,434	94,716	99,010
Bonds and debentures	107,357	106,885	318,774	291,761
Subordinated obligations	125,860	132,125	380,045	379,670
Other borrowings	46,399	49,168	146,678	130,572
Structured deposits	21,857	28,262	79,014	78,846
Lease liabilities	6,254	-	19,505	-
Others	17	-	49	-
	<b>1,763,539</b>	<b>1,756,404</b>	<b>5,416,125</b>	<b>4,993,513</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. NET NON-INTEREST INCOME**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Group</b>				
<b>Net fee and commission income</b>				
Commissions	175,212	157,876	479,715	568,145
Fee on loans and advances	123,749	129,559	371,312	372,574
Service charges and fees	118,499	126,001	356,377	404,369
Guarantee fees	18,362	16,256	50,493	45,287
Other fee income	78,571	71,217	219,242	186,170
Fee and commission income	514,393	500,909	1,477,139	1,576,545
Fee and commission expense	(117,056)	(133,753)	(370,662)	(389,458)
Net fee and commission income	397,337	367,156	1,106,477	1,187,087
<b>Gross dividend income from:</b>				
Financial assets at fair value through profit or loss	18,607	20,104	48,392	35,507
Equity instruments at fair value through other comprehensive income	37	266	2,490	2,088
Debt instruments at fair value through other comprehensive income	-	-	-	16
	18,644	20,370	50,882	37,611
<b>Net gain/(loss) arising from financial assets at fair value through profit or loss</b>				
- realised	263,447	(223,093)	125,962	(515,957)
- unrealised	193,227	329,709	737,828	64,060
	456,674	106,616	863,790	(451,897)
<b>Net gain arising from derivative financial instrument</b>				
- realised	556,487	602,964	1,433,928	894,708
- unrealised	(142,958)	(151,527)	(781,628)	561,232
	413,529	451,437	652,300	1,455,940
<b>Net loss arising from loans, advances and financing at fair value through profit or loss</b>				
- unrealised	(3,485)	-	(2,276)	-
	(3,485)	-	(2,276)	-
<b>Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss</b>				
- realised	49,623	36,193	33,735	84,345
- unrealised	(189,118)	(49,779)	(355,539)	(49,942)
	(139,495)	(13,586)	(321,804)	34,403
<b>Net (loss)/gain arising from hedging activities</b>				
	(6,982)	(12,895)	2,841	(33,516)
<b>Net gain from sale of investment in debt instruments at fair value through other comprehensive income</b>				
	110,376	8,880	214,231	24,018
<b>Other non-interest income</b>				
Foreign exchange loss	(427,633)	(159,474)	(229,024)	(177,588)
Rental income	7,570	6,529	14,546	9,418
Gain on disposal of property, plant and equipment/ assets held for sale	3,851	1,870	17,508	10,680
Gain/(loss) on disposal of foreclosed assets	62,050	(16,615)	4,269	(55,493)
(Loss)/gain on disposal of loans, advances and financing	(3,138)	-	19,694	-
Gain on disposal of subsidiary	-	-	-	224
Others	9,913	10,575	28,418	37,378
	(347,387)	(157,115)	(144,589)	(175,381)
	899,211	770,863	2,421,852	2,078,265

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. NET NON-INTEREST INCOME (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Bank</b>				
<b>Net fee and commission income</b>				
Commissions	125,699	124,773	350,242	456,125
Fee on loans and advances	119,212	127,164	361,070	366,374
Service charges and fees	97,802	108,305	297,262	330,865
Guarantee fees	14,254	13,534	39,388	37,189
Other fee income	216,838	58,274	647,883	175,852
Fee and commission income	573,805	432,050	1,695,845	1,366,405
Fee and commission expense	(102,304)	(124,566)	(332,788)	(362,331)
Net fee and commission income	471,501	307,484	1,363,057	1,004,074
<b>Gross dividend income from:</b>				
Financial assets at fair value through profit or loss	18,543	20,063	48,260	35,398
Equity instruments at fair value through other comprehensive income	-	12	1,611	990
	18,543	20,075	49,871	36,388
<b>Net gain/(loss) arising from financial assets at fair value through profit or loss</b>				
- realised	90,452	(212,255)	(165,799)	(478,338)
- unrealised	(52,392)	318,829	409,867	70,525
	38,060	106,574	244,068	(407,813)
<b>Net gain arising from derivative financial instrument</b>				
- realised	662,815	438,058	1,525,516	547,795
- unrealised	(81,686)	31,419	(650,318)	841,508
	581,129	469,477	875,198	1,389,303
<b>Net loss arising from loans, advances and financing at fair value through profit or loss</b>				
- unrealised	(3,485)	-	(2,276)	-
	(3,485)	-	(2,276)	-
<b>Net loss arising from financial liabilities designated at fair value through profit or loss</b>				
- realised	59,793	47,098	62,457	105,867
- unrealised	(68,611)	(59,065)	(80,379)	(135,941)
	(8,818)	(11,967)	(17,922)	(30,074)
<b>Net (loss)/gain arising from hedging activities</b>				
	(6,763)	(7,382)	4,331	(27,286)
<b>Net gain from sale of investment in debt instruments at fair value through other comprehensive income</b>				
	94,972	8,698	179,391	21,593
<b>Other non-interest income</b>				
Foreign exchange loss	(309,783)	(207,636)	(176,975)	(187,283)
Rental income	7,620	6,371	14,709	8,522
Gain on disposal of property, plant and equipment/assets held for sale	3,533	2,055	16,599	11,721
Loss on disposal of subsidiary	-	-	-	(2,127)
Others	6,248	5,668	17,134	23,958
	(292,382)	(193,542)	(128,533)	(145,209)
	892,757	699,417	2,567,185	1,840,976

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22. OVERHEADS**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>787,159</b>	735,658	<b>2,295,578</b>	2,109,386
- Pension costs (defined contribution plan)	<b>75,939</b>	69,648	<b>232,778</b>	211,469
- Pension costs (defined benefit plan)	<b>6,374</b>	4,885	<b>36,195</b>	14,654
- Overtime	<b>4,826</b>	3,422	<b>12,315</b>	10,723
- Staff incentives and other staff payments	<b>60,804</b>	41,350	<b>146,046</b>	127,444
- Medical expenses	<b>27,889</b>	24,702	<b>76,652</b>	69,532
- Others	<b>254,814</b>	25,138	<b>294,745</b>	63,994
	<b>1,217,805</b>	904,803	<b>3,094,309</b>	2,607,202
Establishment costs				
- Depreciation of property, plant and equipment	<b>39,983</b>	44,505	<b>123,890</b>	129,544
- Amortisation of prepaid lease payments	<b>3</b>	3	<b>8</b>	8
- Depreciation of right-of-use assets	<b>50,126</b>	-	<b>149,336</b>	-
- Rental	<b>14,701</b>	75,785	<b>56,417</b>	229,723
- Amortisation of intangible assets	<b>53,295</b>	48,529	<b>153,482</b>	160,072
- Repair and maintenance	<b>95,297</b>	87,136	<b>286,595</b>	261,573
- Outsourced services	<b>23,831</b>	16,165	<b>68,723</b>	53,445
- Security expenses	<b>20,541</b>	21,269	<b>67,521</b>	65,972
- Others	<b>31,723</b>	18,919	<b>114,249</b>	57,489
	<b>329,500</b>	312,311	<b>1,020,221</b>	957,826
Marketing expenses				
- Advertisement	<b>35,222</b>	33,817	<b>90,794</b>	100,223
- Others	<b>13,669</b>	8,779	<b>39,776</b>	29,113
	<b>48,891</b>	42,596	<b>130,570</b>	129,336
Administration and general expenses				
- Communication	<b>9,286</b>	6,567	<b>22,362</b>	17,269
- Consultancy and professional fees	<b>52,205</b>	17,776	<b>100,313</b>	45,108
- Legal expenses	<b>10,108</b>	6,110	<b>18,047</b>	4,762
- Stationery	<b>7,191</b>	7,425	<b>21,718</b>	21,345
- Postages	<b>9,685</b>	12,615	<b>29,603</b>	33,482
- Administrative travelling and vehicle expenses	<b>7,943</b>	8,916	<b>23,907</b>	26,461
- Incidental expenses on banking operations	<b>10,322</b>	11,223	<b>35,471</b>	35,480
- Insurance	<b>52,055</b>	45,868	<b>149,825</b>	132,487
- Others	<b>108,357</b>	68,137	<b>387,141</b>	218,037
	<b>267,152</b>	184,637	<b>788,387</b>	534,431
Shared service cost	-	5,760	-	27,044
	<b>1,863,348</b>	1,450,107	<b>5,033,487</b>	4,255,839

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. OVERHEADS (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>The Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	606,931	584,602	1,777,238	1,677,551
- Pension costs (defined contribution plan)	69,510	64,071	213,085	194,331
- Overtime	2,391	2,124	7,083	6,854
- Staff incentives and other staff payments	50,624	32,334	123,189	97,497
- Medical expenses	26,267	23,249	71,971	65,840
- Others	237,275	19,271	258,704	38,978
	<b>992,998</b>	<b>725,651</b>	<b>2,451,270</b>	<b>2,081,051</b>
Establishment costs				
- Depreciation of property, plant and equipment	28,199	31,848	88,581	97,073
- Depreciation of right-of-use assets	42,812	-	127,481	-
- Rental	7,649	62,680	35,796	190,451
- Amortisation of intangible assets	44,260	41,980	127,873	142,381
- Repair and maintenance	85,431	79,021	258,755	236,941
- Outsourced services	20,410	14,115	57,969	47,496
- Security expenses	19,045	19,893	63,247	62,858
- Others	24,085	14,091	91,145	40,946
	<b>271,891</b>	<b>263,628</b>	<b>850,847</b>	<b>818,146</b>
Marketing expenses				
- Advertisement	25,481	27,918	69,364	87,423
- Others	8,873	6,403	26,715	24,248
	<b>34,354</b>	<b>34,321</b>	<b>96,079</b>	<b>111,671</b>
Administration and general expenses				
- Communication	7,522	5,092	17,264	13,210
- Consultancy and professional fees	24,205	11,366	54,868	33,345
- Legal expenses	2,215	1,466	2,653	(3,191)
- Stationery	4,172	4,786	14,300	14,476
- Postages	7,559	10,479	23,668	27,318
- Administrative travelling and vehicle expenses	5,248	6,429	16,458	19,120
- Incidental expenses on banking operations	7,109	7,495	22,887	24,077
- Insurance	12,767	11,562	36,202	32,758
- Others	92,137	53,967	340,408	172,650
	<b>162,934</b>	<b>112,642</b>	<b>528,708</b>	<b>333,763</b>
Shared service cost	-	(122,783)	-	(350,049)
	<b>1,462,177</b>	<b>1,013,459</b>	<b>3,926,904</b>	<b>2,994,582</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	245,187	324,756	645,054	794,794
Credit impaired:				
- recovered	(100,437)	(92,951)	(296,053)	(289,948)
- written off	2,173	2,553	8,047	9,443
	<u>146,923</u>	<u>234,358</u>	<u>357,048</u>	<u>514,289</u>
<b>The Bank</b>				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	160,753	189,273	336,165	375,266
Credit impaired:				
- recovered	(46,272)	(45,359)	(137,171)	(149,142)
- written off	1,700	1,919	6,487	7,069
	<u>116,181</u>	<u>145,833</u>	<u>205,481</u>	<u>233,193</u>

**A23(b). OTHER EXPECTED CREDIT LOSSES**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses made/(written-back) on:				
- Debt instrument at fair value through other comprehensive income	2,646	(2,349)	5,250	995
- Debt instrument at amortised cost	(28,162)	96,006	(31,489)	95,081
- Money at call and deposits and placements with banks and other financial institutions	(733)	2,798	(938)	3,304
- Other assets	100,915	(223)	99,539	(1,092)
	<u>74,666</u>	<u>96,232</u>	<u>72,362</u>	<u>98,288</u>
<b>The Bank</b>				
Expected credit losses made/(written-back) on:				
- Debt instrument at fair value through other comprehensive income	2,841	(2,389)	4,870	(263)
- Debt instrument at amortised cost	(15,162)	96,298	(18,540)	98,071
- Money at call and deposits and placements with banks and other financial institutions	(272)	307	(920)	772
- Other assets	1,988	(2,330)	3,175	(2,257)
	<u>(10,605)</u>	<u>91,886</u>	<u>(11,415)</u>	<u>96,323</u>



## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>At 30 September 2019</b>						
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>35,452,012</b>	<b>435,379</b>	<b>(582,606)</b>	<b>26,950,425</b>	<b>271,668</b>	<b>(519,232)</b>
- less than one year	31,863,347	316,157	(334,571)	24,656,378	231,499	(296,485)
- one year to three years	2,639,276	94,414	(159,552)	1,705,880	34,178	(133,142)
- more than three years	949,389	24,808	(88,483)	588,167	5,991	(89,605)
Currency swaps	<b>331,181,178</b>	<b>1,901,879</b>	<b>(2,427,297)</b>	<b>191,884,179</b>	<b>952,488</b>	<b>(1,124,469)</b>
- less than one year	327,673,847	1,763,635	(2,374,365)	189,141,350	892,386	(1,081,487)
- one year to three years	3,042,547	119,404	(51,668)	2,292,427	41,262	(42,711)
- more than three years	464,784	18,840	(1,264)	450,402	18,840	(271)
Currency spots	<b>5,253,817</b>	<b>4,965</b>	<b>(3,008)</b>	<b>4,173,632</b>	<b>4,224</b>	<b>(2,475)</b>
- less than one year	5,253,817	4,965	(3,008)	4,173,632	4,224	(2,475)
Currency options	<b>16,655,069</b>	<b>426,896</b>	<b>(439,676)</b>	<b>16,265,762</b>	<b>426,442</b>	<b>(437,688)</b>
- less than one year	12,315,150	250,038	(224,340)	11,925,843	249,584	(222,352)
- one year to three years	2,504,555	130,152	(160,113)	2,504,555	130,152	(160,113)
- more than three years	1,835,364	46,706	(55,223)	1,835,364	46,706	(55,223)
Cross currency interest rate swaps	<b>90,868,818</b>	<b>3,551,383</b>	<b>(3,054,489)</b>	<b>38,109,749</b>	<b>1,473,333</b>	<b>(1,207,118)</b>
- less than one year	24,625,744	881,396	(461,358)	9,585,839	402,908	(386,178)
- one year to three years	30,388,565	993,154	(1,007,954)	17,238,861	520,684	(484,607)
- more than three years	35,854,509	1,676,833	(1,585,177)	11,285,049	549,741	(336,333)
	<b>479,410,894</b>	<b>6,320,502</b>	<b>(6,507,076)</b>	<b>277,383,747</b>	<b>3,128,155</b>	<b>(3,290,982)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>507,369,260</b>	<b>4,494,948</b>	<b>(3,910,186)</b>	<b>226,097,042</b>	<b>1,671,141</b>	<b>(1,688,524)</b>
- less than one year	208,642,533	317,136	(377,439)	74,032,563	149,629	(109,026)
- one year to three years	159,729,124	796,406	(755,638)	93,086,098	481,828	(463,713)
- more than three years	138,997,603	3,381,406	(2,777,109)	58,978,381	1,039,684	(1,115,785)
Interest rate futures	<b>11,591,965</b>	<b>20,274</b>	<b>(12,888)</b>	<b>11,591,965</b>	<b>20,274</b>	<b>(12,888)</b>
- less than one year	6,587,305	18,572	(9,731)	6,587,305	18,572	(9,731)
- one year to three years	5,004,660	1,702	(3,157)	5,004,660	1,702	(3,157)
Interest rate options	<b>281,385</b>	<b>-</b>	<b>(11,685)</b>	<b>555,433</b>	<b>11,631</b>	<b>(11,685)</b>
- less than one year	274,048	-	(11,660)	548,096	11,631	(11,660)
- one year to three years	7,337	-	(25)	7,337	-	(25)
	<b>519,242,610</b>	<b>4,515,222</b>	<b>(3,934,759)</b>	<b>238,244,440</b>	<b>1,703,046</b>	<b>(1,713,097)</b>
<u>Equity related derivatives</u>						
Equity swaps	<b>108,671</b>	<b>1,561</b>	<b>(29)</b>	<b>108,671</b>	<b>1,561</b>	<b>(29)</b>
- less than one year	5,766	6	-	5,766	6	-
- one year to three years	50,234	1,527	-	50,234	1,527	-
- more than three years	52,671	28	(29)	52,671	28	(29)
Equity options	<b>4,657,431</b>	<b>144,730</b>	<b>(52,361)</b>	<b>3,311,881</b>	<b>133,852</b>	<b>(41,915)</b>
- less than one year	3,360,259	66,892	(43,539)	2,440,860	61,973	(39,052)
- one year to three years	1,297,172	77,838	(8,822)	871,021	71,879	(2,863)
Equity futures	<b>4,208</b>	<b>9</b>	<b>-</b>	<b>4,208</b>	<b>9</b>	<b>-</b>
- less than one year	4,208	9	-	4,208	9	-
Index futures	<b>32,679</b>	<b>89</b>	<b>(88)</b>	<b>32,679</b>	<b>89</b>	<b>(88)</b>
- less than one year	32,679	89	(88)	32,679	89	(88)
	<b>4,802,989</b>	<b>146,389</b>	<b>(52,478)</b>	<b>3,457,439</b>	<b>135,511</b>	<b>(42,032)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

At 30 September 2019	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000      Liabilities RM'000		Principal RM'000	Fair values Assets RM'000      Liabilities RM'000	
<u>Commodity related derivatives</u>						
Commodity swaps	<b>2,760,335</b>	<b>397,590</b>	<b>(134,048)</b>	<b>2,760,328</b>	<b>397,590</b>	<b>(134,051)</b>
- less than one year	2,308,272	207,196	(113,708)	2,308,265	207,196	(113,711)
- one year to three years	452,063	190,394	(20,340)	452,063	190,394	(20,340)
Commodity futures	<b>2,744,378</b>	<b>4,277</b>	<b>(120,033)</b>	<b>2,744,378</b>	<b>4,277</b>	<b>(120,033)</b>
- less than one year	2,744,378	4,277	(120,033)	2,744,378	4,277	(120,033)
Commodity options	<b>4,847,158</b>	<b>99,990</b>	<b>(102,726)</b>	<b>4,847,158</b>	<b>99,990</b>	<b>(102,726)</b>
- less than one year	4,847,158	99,990	(102,726)	4,847,158	99,990	(102,726)
	<b>10,351,871</b>	<b>501,857</b>	<b>(356,807)</b>	<b>10,351,864</b>	<b>501,857</b>	<b>(356,810)</b>
<u>Credit related derivatives</u>						
Credit default swaps	<b>5,701,160</b>	<b>51,313</b>	<b>(76,083)</b>	<b>5,700,023</b>	<b>52,114</b>	<b>(80,807)</b>
- less than one year	288,100	487	(380)	288,100	487	(380)
- one year to three years	402,353	5,338	(50)	402,048	5,491	(50)
- more than three years	5,010,707	45,488	(75,653)	5,009,875	46,136	(80,377)
Total return swaps	<b>602,375</b>	<b>9,900</b>	<b>(10,529)</b>	<b>602,375</b>	<b>9,900</b>	<b>(10,529)</b>
- less than one year	466,690	4,255	(3,117)	466,690	4,255	(3,117)
- one year to three years	114,935	5,645	(6,164)	114,935	5,645	(6,164)
- more than three years	20,750	-	(1,248)	20,750	-	(1,248)
	<b>6,303,535</b>	<b>61,213</b>	<b>(86,612)</b>	<b>6,302,398</b>	<b>62,014</b>	<b>(91,336)</b>
<u>Bond contract</u>						
Bond forward	<b>2,786,632</b>	-	<b>(633,961)</b>	<b>90,000</b>	-	<b>(13,947)</b>
- less than one year	1,027,680	-	(198,931)	-	-	-
- one year to three years	1,308,579	-	(338,056)	-	-	-
- more than three years	450,373	-	(96,974)	90,000	-	(13,947)
<u>Hedging derivatives</u>						
Currency swaps	<b>9,716,199</b>	<b>63,277</b>	<b>(277,507)</b>	<b>5,530,788</b>	<b>31,861</b>	<b>(36,548)</b>
- less than one year	5,530,788	31,861	(36,548)	5,530,788	31,861	(36,548)
- one year to three years	1,325,507	-	(112,638)	-	-	-
- more than three years	2,859,904	31,416	(128,321)	-	-	-
Cross currency interest rate swaps	<b>910,166</b>	-	<b>(6,397)</b>	<b>910,166</b>	-	<b>(6,397)</b>
- less than one year	336,505	-	(3,998)	336,505	-	(3,998)
- one year to three years	466,834	-	(1,785)	466,834	-	(1,785)
- more than three years	106,827	-	(614)	106,827	-	(614)
Interest rate swaps	<b>25,147,954</b>	<b>333,224</b>	<b>(385,506)</b>	<b>26,791,412</b>	<b>375,567</b>	<b>(385,094)</b>
- less than one year	3,260,427	907	(49,825)	5,160,427	46,192	(49,825)
- one year to three years	9,311,635	112,912	(15,203)	9,311,635	112,912	(15,203)
- more than three years	12,575,892	219,405	(320,478)	12,319,350	216,463	(320,066)
Total derivatives assets/(liabilities)	<b>1,058,672,850</b>	<b>11,941,684</b>	<b>(12,241,103)</b>	<b>569,062,254</b>	<b>5,938,011</b>	<b>(5,936,243)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

#### **Market Risk**

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

#### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM11,941,684,000 and RM5,938,011,000 respectively (31 December 2018: RM8,330,859,000 and RM5,589,909,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

#### **Liquidity Risk**

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

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

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2019, the Group and the Bank has posted cash collateral of RM3,907,795,000 and RM1,781,903,000 respectively (31 December 2018: RM2,656,412,000 and RM2,023,495,000 respectively) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2018.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. COMMITMENTS AND CONTINGENCIES**

	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	3,432,582	2,850,171
Transaction-related contingent items	7,242,081	6,697,062
Short-term self-liquidating trade-related contingencies	4,755,978	3,432,622
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	58,964,750	57,988,581
- maturity exceeding one year	33,847,701	32,058,573
Miscellaneous commitments and contingencies	4,897,464	936,980
Total credit-related commitments and contingencies	<b>113,140,556</b>	<b>103,963,989</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	407,599,198	344,818,325
- one year to five years	62,890,887	53,674,770
- more than five years	19,547,174	19,442,367
	<b>490,037,259</b>	<b>417,935,462</b>
Interest rate related contracts :		
- less than one year	218,764,313	214,491,540
- one year to five years	264,768,900	278,632,531
- more than five years	60,857,351	63,631,274
	<b>544,390,564</b>	<b>556,755,345</b>
Equity related contracts:		
- less than one year	3,402,912	5,111,159
- one year to five years	1,347,406	3,223,895
- more than five years	52,671	679,705
	<b>4,802,989</b>	<b>9,014,759</b>
Credit related contracts:		
- less than one year	754,790	418,816
- one year to five years	1,678,840	2,103,245
- more than five years	3,869,905	952,914
	<b>6,303,535</b>	<b>3,474,975</b>
Commodity related contracts:		
- less than one year	9,899,808	11,590,875
- one year to five years	452,063	960,508
	<b>10,351,871</b>	<b>12,551,383</b>
Bond contracts:		
- less than one year	1,027,680	598,899
- one year to five years	1,668,952	1,755,921
- more than five years	90,000	120,000
	<b>2,786,632</b>	<b>2,474,820</b>
Total treasury-related commitments and contingencies	<b>1,058,672,850</b>	<b>1,002,206,744</b>
	<b>1,171,813,406</b>	<b>1,106,170,733</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	3,108,500	2,556,594
Transaction-related contingent items	4,616,380	4,513,638
Short-term self-liquidating trade-related contingencies	3,937,824	2,788,793
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	45,388,101	44,625,327
- maturity exceeding one year	25,325,696	23,968,970
Miscellaneous commitments and contingencies	3,564,360	696,537
<b>Total credit-related commitments and contingencies</b>	<b>85,940,861</b>	<b>79,149,859</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	245,350,335	168,674,890
- one year to five years	33,594,638	32,491,572
- more than five years	4,879,728	5,336,998
	<b>283,824,701</b>	<b>206,503,460</b>
Interest rate related contracts :		
- less than one year	86,328,391	94,621,080
- one year to five years	151,310,361	174,294,737
- more than five years	27,397,100	32,481,917
	<b>265,035,852</b>	<b>301,397,734</b>
Equity related contracts:		
- less than one year	2,483,513	4,929,547
- one year to five years	921,255	2,868,852
- more than five years	52,671	679,705
	<b>3,457,439</b>	<b>8,478,104</b>
Credit related contracts:		
- less than one year	754,790	418,816
- one year to five years	1,678,535	2,103,245
- more than five years	3,869,073	954,041
	<b>6,302,398</b>	<b>3,476,102</b>
Commodity related contracts:		
- less than one year	9,899,801	11,585,775
- one year to five years	452,063	960,508
	<b>10,351,864</b>	<b>12,546,283</b>
Bond contracts:		
- more than five years	90,000	120,000
	<b>90,000</b>	<b>120,000</b>
<b>Total treasury-related commitments and contingencies</b>	<b>569,062,254</b>	<b>532,521,683</b>
	<b>655,003,115</b>	<b>611,671,542</b>

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	600,000	700,000	600,000	700,000
	<b>600,000</b>	<b>700,000</b>	<b>600,000</b>	<b>700,000</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A26. CAPITAL ADEQUACY**

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

The risk-weighted assets of the Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 2 February 2018.

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

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand (BOT) Notification No. FPG. 9/2561 issued on 17 July 2018. The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand (BOT) requirements and are computed in accordance with the revised "Notification of The BOT. No. SorNorSor. 12/2555 - The supervisory capital funds of commercial banks" dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

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

Capital Adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017. On 30 December 2016, SBV officially issued circular 41/2016/TT-NHNN (effective 1 January 2020) requiring banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

#### **30 September 2019 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
Common equity tier 1 ratio	<b>12.950%</b>	<b>12.482%</b>
Tier 1 ratio	<b>13.979%</b>	<b>13.872%</b>
Total capital ratio	<b>17.523%</b>	<b>17.622%</b>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, successfully completed its thirteenth Dividend Reinvestment Scheme ("DRS") of which RM807 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM665 million into CIMB Bank via rights issue which was completed on 10 May 2019.

CIMB Group implemented a DRS for the first interim dividend in respect of the financial year ending 2019. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk <sup>(1)</sup>	<b>215,086,404</b>	<b>142,742,905</b>
Market risk	<b>18,090,674</b>	<b>12,364,553</b>
Large exposure risk requirements	<b>908,148</b>	<b>908,148</b>
Operational risk	<b>21,849,677</b>	<b>15,132,226</b>
Total risk-weighted assets	<b>255,934,903</b>	<b>171,147,832</b>

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Under Restricted Agency Investment Account arrangement	<b>260,658</b>	<b>260,658</b>
	<b>260,658</b>	<b>260,658</b>



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A26. CAPITAL ADEQUACY (CONTINUED)**

**30 September 2019 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
<b>Common Equity Tier I capital</b>		
Ordinary share capital	20,753,114	20,753,114
Other reserves	21,212,396	12,820,626
Qualifying non-controlling interests	161,181	-
Common Equity Tier I capital before regulatory adjustments	<u>42,126,691</u>	<u>33,573,740</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,326,676)	(3,555,075)
Intangible assets	(999,350)	(846,113)
Deferred tax assets	(482,935)	(311,750)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,860,204)
Regulatory reserve	(2,070,388)	(1,552,639)
Others	(102,995)	(84,542)
Common Equity Tier I capital after regulatory adjustments	<u>33,144,347</u>	<u>21,363,417</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,400,000	2,400,000
Qualifying capital instruments held by third parties	33,851	-
	<u>2,633,851</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,803)	(221,803)
Additional Tier I capital after regulatory adjustments	<u>2,632,048</u>	<u>2,378,197</u>
<b>Total Tier I capital</b>	<u>35,776,395</u>	<u>23,741,614</u>
<b>Tier II capital</b>		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	188,224	-
Surplus eligible provisions over expected loss	234,109	663,454
General provisions ^	718,214	300,054
Tier II capital before regulatory adjustments	<u>9,070,287</u>	<u>8,893,248</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(254)	(2,475,210)
<b>Total Tier II capital</b>	<u>9,070,033</u>	<u>6,418,038</u>
<b>Total capital</b>	<u>44,846,428</u>	<u>30,159,652</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	12.814%	12.866%	N/A	N/A
Tier 1 ratio	13.253%	12.866%	N/A	N/A
Total capital ratio	<u>16.501%</u>	<u>18.018%</u>	<u>17.839%</u>	<u>113.029%</u>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A26. CAPITAL ADEQUACY (CONTINUED)

#### 31 December 2018 - Basel III

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

	The Group	The Bank*
<b>Before deducting proposed dividend</b>		
Common equity tier I ratio	13.357%	12.914%
Tier I ratio	14.444%	14.342%
Total capital ratio	18.302%	19.035%
<b>After deducting proposed dividend</b>		
Common equity tier I ratio	12.887%	12.230%
Tier I ratio	13.974%	13.659%
Total capital ratio	17.832%	18.351%

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

CIMB Group successfully completed its thirteenth DRS of which RM807 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM665 million into CIMB Bank via rights issue which was completed on 10 May 2019, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

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

	The Group RM'000	The Bank* RM'000
Credit risk <sup>(1)</sup>	203,544,033	139,780,748
Market risk	16,395,328	10,773,681
Large exposure risk requirements	881,647	881,647
Operational risk	20,794,460	14,727,726
Total risk-weighted assets	241,615,468	166,163,802

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

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	316,179	316,179
	316,179	316,179

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

	The Group RM'000	The Bank* RM'000
<b>Common Equity Tier 1 capital</b>		
Ordinary share capital	20,088,345	20,088,345
Other reserves	20,539,125	13,363,305
Qualifying non-controlling interests	156,841	-
Less: Proposed dividends	(1,135,854)	(1,135,854)
Common Equity Tier 1 capital before regulatory adjustments	39,648,457	32,315,796
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,213,838)	(3,555,075)
Intangible assets	(975,612)	(830,487)
Deferred tax assets	(776,984)	(552,391)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,856,416)
Regulatory reserve	(1,542,976)	(1,197,301)
Others	(2,182)	(2,182)
Common Equity Tier I capital after regulatory adjustments	31,136,865	20,321,944
<b>Additional Tier I capital</b>		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	32,685	-
Additional Tier I capital before and after regulatory adjustments	2,632,685	2,600,000
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,956)	(225,956)
Additional Tier I capital after regulatory adjustments	2,626,729	2,374,044
<b>Total Tier I capital</b>	33,763,594	22,695,988

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A26. CAPITAL ADEQUACY (CONTINUED)**

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

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

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
Common equity tier I ratio	13.505%	13.319%	N/A	N/A
Tier I ratio	14.026%	13.319%	N/A	N/A
Total capital ratio	<u>16.194%</u>	<u>18.688%</u>	<u>15.707%</u>	<u>122.265%</u>

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

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM361 million (2018: RM160 million) and RM161 million (2018: RM147 million) respectively.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A27. SEGMENTAL REPORT**

#### **Definition of segments**

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

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

#### **Business segment reporting**

##### **Definition of segments:**

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

#### **Consumer Banking**

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services.

#### **Commercial Banking**

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

#### **Wholesale Banking**

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

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

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

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

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

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

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

#### **Group Ventures & Partnerships and Funding**

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A27. SEGMENTAL REPORT (CONTINUED)**

**The Group**  
**30 September 2019**

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Net interest income/(expense)					
- external income	3,020,401	808,288	736,991	493,125	5,058,805
- inter-segment	(590,717)	234,887	602,009	(246,179)	-
	<u>2,429,684</u>	<u>1,043,175</u>	<u>1,339,000</u>	<u>246,946</u>	<u>5,058,805</u>
Income from Islamic Banking operations	650,639	370,745	471,792	411,781	1,904,957
Net non-interest income	<u>929,413</u>	<u>313,158</u>	<u>957,016</u>	<u>222,265</u>	<u>2,421,852</u>
Net income	4,009,736	1,727,078	2,767,808	880,992	9,385,614
Overheads	(2,389,678)	(880,957)	(1,301,219)	(461,633)	(5,033,487)
of which:					
Depreciation of property, plant and equipment	(84,470)	(10,203)	(20,955)	(8,262)	(123,890)
Amortisation of prepaid lease payments	-	-	-	(8)	(8)
Amortisation of intangible assets	<u>(82,157)</u>	<u>(15,442)</u>	<u>(39,191)</u>	<u>(16,692)</u>	<u>(153,482)</u>
Profit before allowances	1,620,058	846,121	1,466,589	419,359	4,352,127
Expected credit losses (made)/written back on loans, advances and financing	(586,397)	238,672	(8,935)	(388)	(357,048)
Expected credit losses (made)/written back for commitments and contingencies	(4,287)	29,805	65,223	191	90,932
Other expected credit losses (made)/written back	<u>(96,137)</u>	<u>(30)</u>	<u>24,458</u>	<u>(653)</u>	<u>(72,362)</u>
Segment result	933,237	1,114,568	1,547,335	418,509	4,013,649
Share of results of joint venture	4,380	-	-	-	4,380
Taxation					<u>(895,027)</u>
<b>Profit for the financial period</b>					<u><b>3,123,002</b></u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A27. SEGMENTAL REPORT (CONTINUED)**

**The Group**  
**30 September 2018**

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Net interest income/(expense)					
- external income	3,270,594	772,938	333,425	588,213	4,965,170
- inter-segment	(710,279)	299,380	890,731	(479,832)	-
	<u>2,560,315</u>	<u>1,072,318</u>	<u>1,224,156</u>	<u>108,381</u>	<u>4,965,170</u>
Income from Islamic Banking operations	594,693	319,957	461,734	306,142	1,682,526
Net non-interest income	918,482	355,587	729,072	75,124	2,078,265
Net income	<u>4,073,490</u>	<u>1,747,862</u>	<u>2,414,962</u>	<u>489,647</u>	<u>8,725,961</u>
Overheads	(2,188,387)	(807,207)	(1,174,435)	(85,810)	(4,255,839)
of which:					
Depreciation of property, plant and equipment	(88,901)	(11,287)	(22,508)	(6,848)	(129,544)
Amortisation of prepaid lease payments	-	-	-	(8)	(8)
Amortisation of intangible assets	(81,345)	(17,589)	(43,842)	(17,296)	(160,072)
Profit before allowances	<u>1,885,103</u>	<u>940,655</u>	<u>1,240,527</u>	<u>403,837</u>	<u>4,470,122</u>
Expected credit losses (made)/written back on loans, advances and financing	(245,375)	(173,384)	(96,400)	870	(514,289)
Expected credit losses (made)/written back for commitments and contingencies	(2,249)	(12,215)	5,551	27	(8,886)
Other expected credit losses written back/(made)	2,123	(184)	(96,813)	(3,414)	(98,288)
Segment result	<u>1,639,602</u>	<u>754,872</u>	<u>1,052,865</u>	<u>401,320</u>	<u>3,848,659</u>
Share of results of joint venture	1,971	-	-	-	1,971
Taxation					(816,657)
<b>Profit for the financial period</b>					<u><u>3,033,973</u></u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A27. SEGMENTAL REPORT (CONTINUED)**

**The Group**  
**30 September 2019**

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Segment assets	165,652,870	43,647,114	210,143,543	50,484,849	469,928,376
Unallocated assets					15,777,059
<b>Total assets</b>					<b>485,705,435</b>
Segment liabilities	139,956,896	48,320,156	215,179,187	26,058,041	429,514,280
Unallocated liabilities					12,716,326
<b>Total liabilities</b>					<b>442,230,606</b>
<b>Other segment items</b>					
Capital expenditure	241,835	31,080	66,364	26,587	365,866
Investment in joint venture	176,244	-	-	-	176,244

**The Group**  
**31 December 2018**

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Segment assets	156,669,957	43,755,667	188,717,477	50,856,226	439,999,327
Unallocated assets					11,933,422
<b>Total assets</b>					<b>451,932,749</b>
Segment liabilities	132,471,292	51,438,071	191,939,110	24,326,555	400,175,028
Unallocated liabilities					10,630,250
<b>Total liabilities</b>					<b>410,805,278</b>
<b>Other segment items</b>					
Capital expenditure	14,760	640,866	39,463	37,351	732,440
Investment in joint venture	171,864	-	-	-	171,864

## **PART A-EXPLANATORY NOTES (CONTINUED)**

### **A28. FAIR VALUE ESTIMATION**

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

#### Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

#### Valuation Model Review and Approval

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



**PART A-EXPLANATORY NOTES (CONTINUED)**

**A28. FAIR VALUE ESTIMATION (CONTINUED)**

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

<b>The Group</b>	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 Sept 2019</b>					
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets at fair value through profit or loss					
-Money market instruments	32,938,597	-	32,519,579	419,018	32,938,597
-Quoted securities	845,620	845,620	-	-	845,620
-Unquoted securities	5,825,641	-	4,658,915	1,166,726	5,825,641
Debt instruments at fair value through other comprehensive income					
-Money market instruments	6,039,092	-	6,039,092	-	6,039,092
-Unquoted securities	21,482,394	-	21,482,393	1	21,482,394
Equity instruments at fair value through other comprehensive income					
-Quoted securities	8,888	8,888	-	-	8,888
-Unquoted securities	516,874	-	177,139	339,735	516,874
Derivative financial instruments					
-Trading derivatives	11,545,183	26,047	11,387,784	131,352	11,545,183
-Hedging derivatives	396,501	-	396,501	-	396,501
Loans, advances and financing at fair value through profit or loss	1,514,745	-	1,514,745	-	1,514,745
<b>Non-recurring fair value measurements</b>					
<b>Non-financial assets</b>					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
<b>Total</b>	<b>81,121,002</b>	<b>880,555</b>	<b>78,183,615</b>	<b>2,056,832</b>	<b>81,121,002</b>
<b>Recurring fair value measurements</b>					
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	11,571,693	266,280	11,280,829	24,584	11,571,693
- Hedging derivatives	669,410	-	669,410	-	669,410
Financial liabilities designated at fair values through profit or loss	4,445,064	-	4,445,064	-	4,445,064
<b>Total</b>	<b>16,686,167</b>	<b>266,280</b>	<b>16,395,303</b>	<b>24,584</b>	<b>16,686,167</b>

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

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A28. FAIR VALUE ESTIMATION (CONTINUED)**

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

<b>The Bank</b>	<b>Carrying amount</b>	<b>The Bank</b>			<b>Total</b>
		<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 Sept 2019</b>					
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets at fair value through profit or loss					
-Money market instruments	25,268,387	-	24,849,369	419,018	25,268,387
-Quoted securities	845,620	845,620	-	-	845,620
-Unquoted securities	5,263,535	-	4,109,832	1,153,703	5,263,535
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,732,089	-	2,732,089	-	2,732,089
-Unquoted securities	16,535,182	-	16,535,182	-	16,535,182
Equity instruments at fair value through other comprehensive income					
-Quoted securities	61	61	-	-	61
-Unquoted securities	512,212	-	177,139	335,073	512,212
Derivative financial instruments					
-Trading derivatives	5,530,583	26,047	5,373,184	131,352	5,530,583
-Hedging derivatives	407,428	-	407,428	-	407,428
Loans, advances and financing at fair value through profit or loss	1,313,869	-	1,313,869	-	1,313,869
<b>Non-recurring fair value measurements</b>					
<b>Non-financial assets</b>					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
<b>Total</b>	<b>58,416,433</b>	<b>871,728</b>	<b>55,505,559</b>	<b>2,039,146</b>	<b>58,416,433</b>
<b>Recurring fair value measurements</b>					
<b>Financial liabilities</b>					
Derivative financial instruments					
-Trading derivatives	5,508,204	266,280	5,193,909	48,015	5,508,204
-Hedging derivatives	428,039	-	428,039	-	428,039
Financial liabilities designated at fair values through profit or loss	287,880	-	287,880	-	287,880
<b>Total</b>	<b>6,224,123</b>	<b>266,280</b>	<b>5,909,828</b>	<b>48,015</b>	<b>6,224,123</b>
<b>31 Dec 2018</b>					
<b>The Bank</b>	<b>Carrying amount</b>	<b>prices</b>	<b>inputs</b>	<b>unobservable</b>	<b>Total</b>
	<b>RM'000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>31 Dec 2018</b>					
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Reverse repurchase agreement at fair value through profit or loss	500,134	-	500,134	-	500,134
Financial assets at fair value through profit or loss					
-Money market instruments	17,557,750	-	17,143,785	413,965	17,557,750
-Quoted securities	397,879	397,879	-	-	397,879
-Unquoted securities	5,058,871	-	3,856,431	1,202,440	5,058,871
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,511,408	-	2,511,408	-	2,511,408
-Unquoted securities	14,879,994	-	14,879,994	-	14,879,994
Equity instruments at fair value through other comprehensive income					
-Quoted securities	58	58	-	-	58
-Unquoted securities	531,541	-	177,034	354,507	531,541
Derivative financial instruments					
-Trading derivatives	5,445,061	17,150	5,211,630	216,281	5,445,061
-Hedging derivatives	144,848	-	144,848	-	144,848
Loans, advances and financing at fair value through profit or loss	312,115	-	312,115	-	312,115
<b>Non-recurring fair value measurements</b>					
<b>Non-financial assets</b>					
Non-current assets/disposal groups held for sale	9,576	-	9,576	-	9,576
<b>Total</b>	<b>47,349,235</b>	<b>415,087</b>	<b>44,746,955</b>	<b>2,187,193</b>	<b>47,349,235</b>
<b>Recurring fair value measurements</b>					
<b>Financial liabilities</b>					
Derivative financial instruments					
-Trading derivatives	4,902,980	531,062	4,254,398	117,520	4,902,980
-Hedging derivatives	426,726	-	426,726	-	426,726
Financial liabilities designated at fair values through profit or loss	1,333,570	-	1,333,570	-	1,333,570
<b>Total</b>	<b>6,663,276</b>	<b>531,062</b>	<b>6,014,694</b>	<b>117,520</b>	<b>6,663,276</b>

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A28. FAIR VALUE ESTIMATION (CONTINUED)**

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2019 and 31 December 2018 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>							
<b>2019</b>							
<b>At 1 January</b>	1,628,670	1	358,935	216,281	2,203,887	(109,144)	(109,144)
Total gain/(losses) recognised in statement of income	45,981	-	-	(82,686)	(36,705)	22,404	22,404
Total loss recognised in other comprehensive income	-	-	(12,833)	-	(12,833)	-	-
Purchases	2,053	-	173	132,454	134,680	(36,060)	(36,060)
Sales and redemptions	(99,795)	-	(7,787)	-	(107,582)	-	-
Settlements	-	-	-	(134,487)	(134,487)	98,095	98,095
Exchange fluctuation	8,835	-	1,247	(210)	9,872	121	121
<b>At 30 September</b>	<b>1,585,744</b>	<b>1</b>	<b>339,735</b>	<b>131,352</b>	<b>2,056,832</b>	<b>(24,584)</b>	<b>(24,584)</b>
Total gain/(losses) recognised in statement of income for financial period ended 30 September 2019 under:							
- net non-interest income	45,981	-	-	(82,686)	(36,705)	22,404	22,404
Total loss recognised in other comprehensive income for financial year ended 30 September 2019 under "revaluation reserves"	-	-	(12,833)	-	(12,833)	-	-
Change in unrealised gains recognised in statement of income relating to assets held on 30 September 2019 under "net non-interest income"	46,026	-	-	49,495	95,521	6,481	6,481
	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>							
<b>2019</b>							
<b>At 1 January</b>	1,616,405	-	354,507	216,281	2,187,193	(117,520)	(117,520)
Total gain/(losses) recognised in statement of income	45,223	-	-	(82,686)	(37,463)	7,349	7,349
Total loss recognised in other comprehensive income	-	-	(12,828)	-	(12,828)	-	-
Purchases	2,053	-	173	132,454	134,680	(36,060)	(36,060)
Sales and redemptions	(99,795)	-	(7,741)	-	(107,536)	-	-
Settlements	-	-	-	(134,487)	(134,487)	98,095	98,095
Exchange fluctuation	8,835	-	962	(210)	9,587	121	121
<b>At 30 September</b>	<b>1,572,721</b>	<b>-</b>	<b>335,073</b>	<b>131,352</b>	<b>2,039,146</b>	<b>(48,015)</b>	<b>(48,015)</b>
Total gain/(losses) recognised in statement of income for financial period ended 30 September 2019 under:							
- net non-interest income	45,223	-	-	(82,686)	(37,463)	7,349	7,349
Total loss recognised in other comprehensive income for financial year ended 30 September 2019 under "revaluation reserves"	-	-	(12,828)	-	(12,828)	-	-
Change in unrealised gains recognised in statement of income relating to assets held on 30 September 2019 under "net non-interest income"	45,268	-	-	49,495	94,763	(8,573)	(8,573)

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A28. FAIR VALUE ESTIMATION (CONTINUED)**

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2019 and 31 December 2018 for the Group and the Bank (Continued):

	Financial Assets						Total	Financial Liabilities		Total
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>										
<b>2018</b>										
<b>At 1 January</b>	-	-	-	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Effect of adopting MFRS 9	1,211,452	1,502	283,120	(164,243)	(1,331,831)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,502	283,120	-	-	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income	29,438	-	-	-	-	155,651	185,089	(109,910)	(127,879)	(237,789)
Total gains recognised in other comprehensive income	-	-	74,604	-	-	-	74,604	-	-	-
Purchases	405,598	-	602	-	-	111,947	518,147	(76,254)	-	(76,254)
Sales and redemptions	(35,917)	(1,507)	(1,415)	-	-	-	(38,839)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	102,048	522,937	624,985
Exchange fluctuation	18,099	6	2,024	-	-	1,639	21,768	(924)	-	(924)
<b>At 31 December</b>	<b>1,628,670</b>	<b>1</b>	<b>358,935</b>	<b>-</b>	<b>-</b>	<b>216,281</b>	<b>2,203,887</b>	<b>(109,144)</b>	<b>-</b>	<b>(109,144)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:										
- net non-interest income	29,438	-	-	-	-	155,651	185,089	(109,910)	(120,525)	(230,435)
- interest expense	-	-	-	-	-	-	-	-	(7,354)	(7,354)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	74,604	-	-	-	74,604	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	-	-	-	99,751	128,097	(11,714)	-	(11,714)
	Financial Assets						Total	Financial Liabilities		Total
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>										
<b>2018</b>										
<b>At 1 January</b>	-	-	-	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Effect of adopting MFRS 9	1,200,187	-	277,851	(164,243)	(1,313,795)	-	-	-	-	-
Adjusted 1 Jan	1,200,187	-	277,851	-	-	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income	28,438	-	-	-	-	155,651	184,089	(113,500)	(127,879)	(241,379)
Total gains recognised in other comprehensive income	-	-	74,778	-	-	-	74,778	-	-	-
Purchases	405,598	-	511	-	-	111,947	518,056	(76,254)	-	(76,254)
New issuances	-	-	-	-	-	-	-	-	-	-
Sales and redemptions	(35,917)	-	(565)	-	-	-	(36,482)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	104,756	522,937	627,693
Exchange fluctuation	18,099	-	1,932	-	-	1,639	21,670	(924)	-	(924)
<b>At 31 December</b>	<b>1,616,405</b>	<b>-</b>	<b>354,507</b>	<b>-</b>	<b>-</b>	<b>216,281</b>	<b>2,187,193</b>	<b>(117,520)</b>	<b>-</b>	<b>(117,520)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:										
- net non-interest income	629	-	-	-	(1,694)	(52,224)	(53,289)	57,168	(15,465)	41,703
- interest expense	-	-	-	-	-	-	-	-	(17,142)	(17,142)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	-	-	83,753	-	83,753	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	629	-	-	-	-	2,577	3,206	10,633	(15,465)	(4,832)

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A29. OPERATIONS OF ISLAMIC BANKING**

#### **A29a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	The Group		The Bank	
		30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>Assets</b>					
Cash and short-term funds		8,552,619	11,980,341	1,571,135	2,191,725
Deposits and placements with banks and other financial institutions		664,703	433,141	644,459	477,987
Financial assets at fair value through profit or loss		4,048,140	3,033,103	115,519	107,759
Debt instruments at fair value through other comprehensive income		3,938,094	3,177,328	332,739	420,781
Equity instruments at fair value through other comprehensive income		575	575	-	-
Debt instruments at amortised cost		8,006,217	6,620,612	-	75,889
Islamic derivative financial instruments		485,148	593,855	7,785	29,472
Financing, advances and other financing/loans	A29c	80,598,643	76,622,454	4,121,293	6,052,132
Other assets		1,072,515	1,643,453	568,925	919,888
Deferred taxation		60,570	81,133	-	-
Amount due from conventional operations		1,652,963	1,369,167	-	-
Amount due from related companies		3,792,560	2,357,778	3,791,820	2,357,158
Statutory deposits with Bank Negara Malaysia		2,492,899	2,076,422	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		65,701	71,572	19	36
Property, plant and equipment		2,672	2,764	4	7
Right-of-use assets		2,913	-	-	-
<b>Total assets</b>		<b>115,572,932</b>	<b>110,199,698</b>	<b>11,153,698</b>	<b>12,632,834</b>
<b>Liabilities</b>					
Deposits from customers	A29d	88,557,111	80,056,465	3,997,905	4,124,909
Investment accounts of customers	A29e	1,779,613	1,769,270	-	-
Deposits and placements of banks and other financial institutions		1,547,839	3,147,380	1,452,551	2,244,857
Investment accounts due to designated financial institutions	A29f	6,082,514	8,216,809	-	-
Financial liabilities designated at fair value through profit or loss	A29g	128,809	21,918	-	-
Islamic derivative financial instruments		521,263	625,112	9,561	26,137
Other liabilities		5,483,883	4,494,432	4,882,060	4,088,041
Lease liability		2,977	-	-	-
Recourse obligation on loans and financing sold to Cagamas		1,516,342	1,915,503	-	-
Sukuk		287,213	358,265	-	-
Amount due to related company		291,305	1,741,236	192,001	1,643,607
Provision for taxation		201,597	83,479	-	-
Subordinated Sukuk		1,114,172	615,033	-	-
<b>Total liabilities</b>		<b>107,514,638</b>	<b>103,044,902</b>	<b>10,534,078</b>	<b>12,127,551</b>
<b>Equity</b>					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		6,838,294	5,934,796	619,620	505,283
<b>Total equity</b>		<b>8,058,294</b>	<b>7,154,796</b>	<b>619,620</b>	<b>505,283</b>
<b>Total equity and liabilities</b>		<b>115,572,932</b>	<b>110,199,698</b>	<b>11,153,698</b>	<b>12,632,834</b>
<b>Restricted Agency Investment Account(*)</b>		<b>6,278,631</b>	<b>6,230,998</b>	<b>-</b>	<b>-</b>
<b>Total Islamic Banking Assets</b>		<b>121,851,563</b>	<b>116,430,696</b>	<b>11,153,698</b>	<b>12,632,834</b>

\* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions dated 27 September 2019

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

**A29(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Income derived from investment of depositors' funds and others	1,136,169	918,805	3,286,470	2,655,259
Income derived from investment of investment accounts	101,750	157,508	311,227	408,015
Net income derived from investment of shareholders' funds	109,078	129,877	364,894	376,149
Expected credit losses written back/(made) on financing, advances and other financing/loans	8,360	(31,302)	(11,675)	(114,336)
Expected credit losses (made)/written back for commitments and contingencies	(4,585)	(2,020)	38,897	(6,825)
Other expected credit losses written back/(made)	18	589	(19)	1,576
<b>Total distributable income</b>	<b>1,350,790</b>	<b>1,173,457</b>	<b>3,989,794</b>	<b>3,319,838</b>
Income attributable to depositors and others	(660,967)	(603,819)	(2,070,517)	(1,724,576)
Profit distributed to investment account holder	(74,145)	(125,035)	(233,206)	(325,147)
<b>Total net income</b>	<b>615,678</b>	<b>444,603</b>	<b>1,686,071</b>	<b>1,270,115</b>
Other operating expenses	(187,134)	(149,557)	(576,108)	(447,294)
<b>Profit before taxation and zakat</b>	<b>428,544</b>	<b>295,046</b>	<b>1,109,963</b>	<b>822,821</b>
Taxation and zakat	(111,079)	(23,140)	(254,569)	(136,193)
<b>Profit for the financial period</b>	<b>317,465</b>	<b>271,906</b>	<b>855,394</b>	<b>686,628</b>

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Profit for the financial period	317,465	271,906	855,394	686,628
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified 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 to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	2,422	18,284	49,668	6,637
- Net gain from change in fair value	34,524	26,691	139,372	14,184
- Realised gain transferred to statement of income on disposal	(32,381)	(2,982)	(79,436)	(5,385)
- Changes in expected credit losses	(70)	43	358	516
- Income tax effects	349	(5,468)	(10,626)	(2,678)
Exchange fluctuation reserve	(3,643)	7,516	(1,713)	863
<b>Other comprehensive (expense)/income for the financial period, net of tax</b>	<b>(1,221)</b>	<b>25,680</b>	<b>47,955</b>	<b>7,370</b>
<b>Total comprehensive income for the period</b>	<b>316,244</b>	<b>297,586</b>	<b>903,349</b>	<b>693,998</b>
<b>Total net income</b>	<b>615,678</b>	<b>444,603</b>	<b>1,686,071</b>	<b>1,270,115</b>
Add:				
Expected credit losses (written back)/made on financing, advances and other financing/loans and contingencies	(8,360)	31,302	11,675	114,336
Other expected credit losses (written back)/made	4,585	2,020	(38,897)	6,825
	(18)	(589)	19	(1,576)
	<b>611,885</b>	<b>477,336</b>	<b>1,658,868</b>	<b>1,389,700</b>
Elimination for transactions with conventional operations	75,253	104,670	246,089	292,826
Income from Islamic operations (per page 2)	687,138	582,006	1,904,957	1,682,526

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

**A29(b) UNAUDITED STATEMENT OF INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>The Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	64,022	46,449	153,384	116,508
Net (loss)/income derived from investment of shareholders' funds	(1,571)	9,348	26,708	60,078
Expected credit losses (made)/written back on financing, advances and other financing/loans	(108)	2,349	65	(7,450)
Expected credit losses written back/(made) for commitments and contingencies	87	(598)	588	(334)
Other expected credit losses written back	19	593	587	2,100
<b>Total distributable income</b>	<b>62,449</b>	<b>58,141</b>	<b>181,332</b>	<b>170,902</b>
Income attributable to depositors and others	(21,354)	(24,710)	(73,043)	(70,698)
<b>Total net income</b>	<b>41,095</b>	<b>33,431</b>	<b>108,289</b>	<b>100,204</b>
Other operating expenses	(812)	(918)	(2,411)	(2,797)
<b>Profit for the financial period</b>	<b>40,283</b>	<b>32,513</b>	<b>105,878</b>	<b>97,407</b>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>The Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>	<b>30 Sept 2019</b>	<b>30 Sept 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	40,283	32,513	105,878	97,407
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	3,585	934	8,976	(2,333)
- Net gain/(loss) from change in fair value	3,851	924	9,549	(2,360)
- Realised gain transferred to statement of income on disposal	(256)	-	(256)	-
- Changes in expected credit losses	(10)	10	(317)	27
Exchange fluctuation reserve	(2,416)	9,889	(523)	2,846
Other comprehensive income for the financial period, net of tax	1,169	10,823	8,453	513
<b>Total comprehensive income for the period</b>	<b>41,452</b>	<b>43,336</b>	<b>114,331</b>	<b>97,920</b>
<b>Total net income</b>	<b>41,095</b>	<b>33,431</b>	<b>108,289</b>	<b>100,204</b>
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	108	(2,349)	(65)	7,450
Expected credit losses (written back)/made for commitments and contingencies	(87)	598	(588)	334
Other expected credit losses written back	(19)	(593)	(587)	(2,100)
	41,097	31,087	107,049	105,888
Elimination for transactions with conventional operations	1,535	4,147	7,959	13,986
Income from Islamic operations (per page 4)	42,632	35,234	115,008	119,874

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

**A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS**

**i) By type and Shariah contract**

**The Group**  
**At 30 September 2019**

	Sale-based contracts				Lease-based contracts		Equity-based	Loan contract	Other	Total	
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai #	Mudharabah	Qard		Ujrah
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	1,705	-	-	1,054,921	-	-	-	3,846	-	1,060,472
Term financing											
- House financing	-	5,370,070	-	-	14,905,505	1,295,279	-	-	-	-	21,570,854
- Syndicated financing	322,741	-	163,982	-	1,646,036	-	-	643	-	-	2,133,402
- Hire purchase receivables	-	-	-	-	-	-	8,440,094	-	-	-	8,440,094
- Other term financing	895,737	1,316,086	5,303,727	-	31,637,860	49,876	-	-	-	-	39,203,286
Bills receivable	128,066	-	-	845,918	-	-	-	-	-	-	973,984
Islamic trust receipts	103,680	-	-	-	-	-	-	-	-	-	103,680
Claims on customers under acceptance credits	915,893	-	-	87,939	-	-	-	-	-	-	1,003,832
Staff financing	-	-	-	-	141,462	-	-	-	-	-	141,462
Revolving credits	-	-	-	-	6,097,301	-	-	-	-	-	6,097,301
Credit card receivables	-	-	-	-	-	-	-	-	-	141,074	141,074
Share purchase financing	40	-	-	-	-	-	-	-	-	-	40
Gross financing, advances and other financing/loans, at amortised cost	2,366,157	6,687,861	5,467,709	933,857	55,483,085	1,345,155	8,440,094	643	3,846	141,074	80,869,481
Fair value changes arising from fair value hedge											16,980
											80,886,461
Less: Expected credit losses											(488,694)
Net financing, advances and other financing/loans, at amortised cost											80,397,767
<b>At fair value through profit or loss</b>											
Term financing											
- Syndicated financing	-	-	-	-	200,876	-	-	-	-	-	200,876
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,876	-	-	-	-	-	200,876
<b>Net financing, advances and other financing/loans</b>											80,598,643



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

**i) By type and Shariah contract (Continued)**

**The Group  
At 31 December 2018**

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

^ Includes current account in excess

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

**i) By type and Shariah contract (Continued)**

**The Bank**  
**At 30 September 2019**

At amortised cost	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line <sup>^</sup>	-	-	9	-	9
Term financing					
- Syndicated financing	322,741	-	85,890	643	409,274
- Other term financing	895,737	-	1,467,620	-	2,363,357
Bills receivable	-	828,530	-	-	828,530
Islamic trust receipts	2,789	-	-	-	2,789
Revolving credits	-	-	556,978	-	556,978
Gross financing, advances and other financing/loans	1,221,267	828,530	2,110,497	643	4,160,937
Fair value changes arising from fair value hedges					-
					4,160,937
Less: Expected credit losses					(39,644)
<b>Net financing, advances and other financing/loans</b>					<b>4,121,293</b>

**The Bank**  
**At 31 December 2018**

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

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	80,869,481	76,666,428	4,160,937	6,125,812
- At fair value through profit or loss	200,876	491,566	-	-
	<b>81,070,357</b>	<b>77,157,994</b>	<b>4,160,937</b>	<b>6,125,812</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM1,999,721,000 (2018: RM3,384,006,000) financing using Islamic profit rate swaps.

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

As at 30 September 2019, the gross exposure and 12-months expected credit losses relating to RPSIA financing are RM6,054,940,000 (2018: RM6,907,549,000) and RM69,041,000 (2018: RM25,658,000) respectively.

c) Movement of Qard financing

	<b>The Group</b>	
	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	<b>1,455</b>	2,356
New disbursement	<b>2,659</b>	332
Repayment	<b>(268)</b>	(1,233)
As at 30 September/31 December	<b>3,846</b>	1,455
Sources of Qard fund:		
Depositors' fund	<b>3,615</b>	1,371
Shareholders' fund	<b>231</b>	84
	<b>3,846</b>	1,455
Uses of Qard fund:		
Personal use	<b>259</b>	172
Business purpose	<b>3,587</b>	1,283
	<b>3,846</b>	1,455

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

**ii) By geographical distribution**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Malaysia	76,922,707	71,137,310	13,287	105,128
Indonesia	20,387	43,679	20,387	43,679
Singapore	2,550,015	2,774,847	2,550,015	2,774,847
Hong Kong	-	38,487	-	38,487
China	608,926	1,993,083	608,926	1,993,083
Other countries	968,322	1,170,588	968,322	1,170,588
	<b>81,070,357</b>	<b>77,157,994</b>	<b>4,160,937</b>	<b>6,125,812</b>

**iii) By economic sector**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Primary agriculture	2,782,889	2,659,090	121,483	481,067
Mining and quarrying	1,722,417	2,290,215	740,509	716,142
Manufacturing	2,848,975	2,546,627	9,999	66,065
Electricity, gas and water supply	112,683	95,820	-	-
Construction	1,765,089	2,705,543	76,902	101,066
Transport, storage and communications	4,217,345	4,108,379	24,373	378,606
Education, health and others	4,549,208	5,935,866	-	-
Wholesale and retail trade, and restaurants and hotels	3,356,983	3,503,177	594,395	1,303,172
Finance, insurance/takaful, real estate and business activities	10,577,386	10,729,007	2,461,922	2,717,514
Household	48,923,622	42,147,609	-	1
Others	213,760	436,661	131,354	362,179
	<b>81,070,357</b>	<b>77,157,994</b>	<b>4,160,937</b>	<b>6,125,812</b>

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Malaysia	1,367,131	483,675	13,288	45,962
Indonesia	20,387	16,251	20,387	16,251
Singapore	63,542	68,319	63,542	68,319
Other countries	100,768	118,813	100,768	118,813
	<b>1,551,828</b>	<b>687,058</b>	<b>197,985</b>	<b>249,345</b>

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Primary agriculture	63,965	6,658	-	-
Mining and quarrying	182,062	184,612	179,176	181,833
Manufacturing	732,182	28,146	-	-
Construction	10,078	25,435	-	-
Transport, storage and communications	74,987	124,127	18,809	67,512
Education, health and others	4,439	10,613	-	-
Wholesale and retail trade, and restaurants and hotels	50,585	9,706	-	-
Finance, insurance/takaful, real estate and business activities	114,942	44,369	-	-
Household	318,586	253,389	-	-
Others	2	3	-	-
	<b>1,551,828</b>	<b>687,058</b>	<b>197,985</b>	<b>249,345</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>At 1 January 2019</b>	<b>190,819</b>	<b>113,762</b>	<b>263,691</b>	<b>568,272</b>
Changes in expected credit losses due to transfer within stages:	157,477	(99,705)	(57,772)	-
Transferred to Stage 1	193,464	(171,158)	(22,306)	-
Transferred to Stage 2	(35,714)	115,112	(79,398)	-
Transferred to Stage 3	(273)	(43,659)	43,932	-
<b>Total charge to Income Statement:</b>	<b>(205,759)</b>	<b>108,807</b>	<b>147,518</b>	<b>50,566</b>
New financial assets originated	67,358	44	21,006	88,408
Financial assets that have been derecognised	(106,099)	(4,809)	-	(110,908)
Writeback in respect of full recoveries	-	-	(34,120)	(34,120)
Change in credit risk	(167,018)	113,572	160,632	107,186
Write-offs	-	-	(136,126)	(136,126)
Exchange fluctuation	26	(3)	154	177
Other movements	(1,015)	-	6,820	5,805
<b>At 30 September 2019</b>	<b>141,548</b>	<b>122,861</b>	<b>224,285</b>	<b>488,694</b>

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	Total RM'000
<b>At 1 January 2018</b>	-	-	-	103,254	246,556	349,810
Effect of adopting MFRS 9	124,453	120,140	215,614	(103,254)	(246,556)	110,397
<b>Adjusted 1 January 2018</b>	<b>124,453</b>	<b>120,140</b>	<b>215,614</b>	<b>-</b>	<b>-</b>	<b>460,207</b>
Changes in expected credit losses due to transfer within stages:	218,433	(184,018)	(34,415)	-	-	-
Transferred to Stage 1	273,384	(230,728)	(42,656)	-	-	-
Transferred to Stage 2	(54,722)	112,135	(57,413)	-	-	-
Transferred to Stage 3	(229)	(65,425)	65,654	-	-	-
<b>Total charge to Income Statement:</b>	<b>(152,814)</b>	<b>171,123</b>	<b>192,633</b>	<b>-</b>	<b>-</b>	<b>210,942</b>
New financial assets originated	161,689	56	462	-	-	162,207
Financial assets that have been derecognised	(107,361)	(1,296)	-	-	-	(108,657)
Writeback in respect of full recoveries	-	-	(3,912)	-	-	(3,912)
Change in credit risk	(207,142)	172,363	196,083	-	-	161,304
Write-offs	-	-	(118,734)	-	-	(118,734)
Exchange fluctuation	(108)	(16)	1,423	-	-	1,299
Other movements	855	6,533	7,170	-	-	14,558
<b>At 31 December 2018</b>	<b>190,819</b>	<b>113,762</b>	<b>263,691</b>	<b>-</b>	<b>-</b>	<b>568,272</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

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

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	7,535	1,503	64,642	73,680
Total charge to Income Statement:	7,540	(1,428)	(6,177)	(65)
Write-offs	-	-	(34,148)	(34,148)
Exchange fluctuation	26	(3)	154	177
At 30 September 2019	15,101	72	24,471	39,644

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000	
<b>At 1 January 2019</b>	687,058	687,058	
Transfer within stages	415,157	415,157	
New financial assets originated	810,402	810,402	
Write-offs	(136,126)	(136,126)	
Amount fully recovered	(193,843)	(193,843)	
Other changes in financing, advances and other financing/loans	(32,542)	(32,542)	
Exchange fluctuation	1,722	1,722	
<b>At 30 September 2019</b>	<b>1,551,828</b>	<b>1,551,828</b>	

  

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

  

	The Group	
	30 Sept 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<b>1.91%</b>	0.89%

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

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

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

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000	
<b>At 1 January 2019</b>	249,345	249,345	
Write-offs	(34,148)	(34,148)	
Other changes in financing, advances and other financing/loans	(18,934)	(18,934)	
Exchange fluctuation	1,722	1,722	
<b>At 30 September 2019</b>	<b>197,985</b>	<b>197,985</b>	

  

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

  

	The Bank	
	30 Sept 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<b>4.76%</b>	4.07%



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

**A29d. DEPOSITS FROM CUSTOMERS**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
<b>(i) By type of deposits</b>				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	4,055,556	3,429,924	347,978	271,339
Demand deposit				
Qard	15,038,597	10,069,627	23,637	17,877
Commodity Murabahah (via Tawarruq arrangement)*	2,599,547	1,995,413	933,394	353,569
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	33,840,375	39,946,997	1,230,236	1,565,273
Fixed Return Income Account-i (via Tawarruq arrangement)*	32,896,386	24,489,556	1,462,660	1,916,851
Specific investment account				
Mudharabah	101,052	104,791	-	-
Others - Qard	25,598	20,157	-	-
	<b>88,557,111</b>	<b>80,056,465</b>	<b>3,997,905</b>	<b>4,124,909</b>

\*included Qard contract of RM1,402,801,000 (2018: RM1,368,862,000)

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Due within six months	56,984,390	55,483,238	1,510,415	2,748,788
Six months to less than one year	9,720,971	8,882,076	1,180,964	708,370
One year to less than three years	28,963	70,611	1,517	24,966
Three years to less than five years	79,024	80,363	-	-
Five years and more	24,465	25,056	-	-
	<b>66,837,813</b>	<b>64,541,344</b>	<b>2,692,896</b>	<b>3,482,124</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)**

**A29d. DEPOSITS FROM CUSTOMERS (CONTINUED)**

(iii) By type of customer

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Government and statutory bodies	7,280,152	3,827,034	118	124
Business enterprises	28,505,727	32,432,116	1,926,922	1,918,219
Individuals	31,068,808	22,894,029	1,687,698	2,070,827
Others	21,702,424	20,903,286	383,167	135,739
	<b>88,557,111</b>	<b>80,056,465</b>	<b>3,997,905</b>	<b>4,124,909</b>

**A29e. INVESTMENT ACCOUNTS OF CUSTOMERS**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	642,329	465,733	-	-
-with maturity				
Term Investment Account-i	1,137,284	1,303,537	-	-
	<b>1,779,613</b>	<b>1,769,270</b>	<b>-</b>	<b>-</b>

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

**A29f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Restricted investment accounts				
Mudharabah	6,082,514	8,216,809	-	-
By type of counterparty				
Licensed banks	6,082,514	8,216,809	-	-

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

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

	The Group		The Bank	
	30 Sept 2019 RM'000	31 Dec 2018 RM'000	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Deposits from customers - structured investments	128,809	21,918	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 September 2019 was RM1,957,000 (31 December 2018: RM1,235,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

## PART B

### B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM4,018.0 million for the nine months period ended 30 September 2019, an increase of RM167.4 million or 4.3% as compared to the pre-tax profit of RM3,850.6 million reported in the previous corresponding period. The Group's net profit (attributable to the owners of the Parent) rose by 3.1% to RM3,112.4 million, equivalent to net earnings per share (sen) of 51.51.

The Group's year-on-year earnings improvement was mainly contributed by higher net non-interest income and Income from Islamic Banking operations (increased by 16.5% and 13.2% respectively), lower expected credit losses on loans, advances and financing by 30.6% and write-back of expected credit losses on commitments and contingencies of RM90.9 million, offset by higher overhead expenses by RM777.6 million or 18.3%.

The Group's gross loans, advances and financing grew by 4.3% to RM301.9 billion while deposits from customers increased by RM15.1 billion to RM334.3 billion, as compared to 31 December 2018.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio as at 30 September 2019 stood at 12.950%, 13.979% and 17.523% respectively.

### B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautious on prospects for the rest of 2019 given the backdrop of uncertain regional and global economic conditions. CIMB Malaysia is expected to sustain its growth momentum in line with loan expansion and improving capital market activity. The outlook for CIMB Singapore will track regional economic directions, while CIMB Thai's performance continues to progress in tandem with the ongoing transformation programme.

### B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

#### a) Basic EPS

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

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	960,081	1,039,392	3,112,372	3,018,950
Weighted average number of ordinary shares in issue ( '000)	6,097,100	5,760,474	6,041,777	5,619,804
Basic earnings per share (expressed in sen per share)	15.75	18.04	51.51	53.72

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	595,788	714,831	2,066,995	2,147,083
Weighted average number of ordinary shares in issue ( '000)	6,097,100	5,760,474	6,041,777	5,619,804
Basic earnings per share (expressed in sen per share)	9.77	12.41	34.21	38.21

#### b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2019 and 30 September 2018.